

EIC 3600 COMMERCIAL DATABASE SEARCH REQUEST

95

☒ RUSH - SPE signature required: *Andrew Fischer*

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Access DB# 175387

Business Methods Case: 705/ 7, Cross 705/10,16,21,22,23,26,28,30,402

Write in 705 subclass(es) to search required files for 705 cases or cases cross referenced in 705.

Serial Number: 09/900,706

Log Number: _____

Requester's Name: Andrew Fischer Examiner #: 75586

Date: December 30, 2005

Art Unit: 3627 Phone: (571) 272-6779

Mailbox Location & SPE: Alexander Kalinowski, Knox 5D-49

Bldg & Room #: Knox 5B-05

Results Format Preferred: PAPER ☒

Earliest Priority Filing Date: July 6, 2001

Attachments:

Total Pages Including in this Search Request: 7

The claimed or apparent novelty of the invention is:

I am looking for information from "Pricing4Profit" and its features. In particular, the use of an equation. Pricing4Profit is believed to be a product from Profit Logic.

This search should focus on:

(Also include keywords or synonyms)

I am looking for information on the equation shown on page 2 of this request. Page 2 is Applicants' response to a request for information. In Applicant's response, Applicant admitted that the equation may be a variant of one used in a version of a product 'Pricing4Profit' which version may have been developed by Profit Logic in 1999 or 2000.

Considered
9/7 1/4/06

.....
Special Instructions or Other Comments

If you have any questions or need help with keywords, please feel free to contact me.

Complete Internet and Prior Art Search Requested

Please include a copy of this Sheet with the Search Results

Set	Items	Description
S1	356	PRICING4PROFIT OR (PRICING()4()PROFIT)
S2	12	S1 AND (FORMULA? OR EQUATION OR ALGORYTHM OR ALGORITHM? OR ITERATION? ?)
S3	7	RD (unique items)
S4	53	S1 NOT PY>2000
S5	24	S4 AND (MARKDOWN OR MARK()DOWN OR PRICE(2N)REDUC?)
S6	4	RD (unique items)

? show file

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Considered ag 7 1/4/06

6/9/1 (Item 1 from file: 16)
DIALOG(R) File 16:Gale Group PROMT(R)
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08138856 Supplier Number: 67939894 (THIS IS THE FULLTEXT)
Eddie Bauer. (Brief Article)
Chain Store Age Executive with Shopping Center Age, v76, n11, p108
Nov, 2000
ISSN: 0193-1199
Language: English Record Type: Fulltext
Article Type: Brief Article
Document Type: Magazine/Journal; Trade
Word Count: 21
TEXT:

Eddie Bauer, Redmond, Wash., will deploy **markdown** -management software from Cambridge, Mass.-based TSI. The software is called **Pricing4Profit**.

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PUBLISHER NAME: Lebhar-Friedman, Inc.

COMPANY NAMES: *Eddie Bauer Inc.; TSI

EVENT NAMES: *380 (Strategic alliances)

GEOGRAPHIC NAMES: *1USA (United States)

PRODUCT NAMES: *5961000 (Mail Order Houses); 7372416 (Manufacturing, Distribution & Retailing Software)

INDUSTRY NAMES: BUSN (Any type of business); RETL (Retailing)

SIC CODES: 5961 (Catalog and mail-order houses); 7372 (Prepackaged software)

NAICS CODES: 45411 (Electronic Shopping and Mail-Order Houses); 51121 (Software Publishers)

SPECIAL FEATURES: LOB; COMPANY

6/9/2 (Item 2 from file: 16)
DIALOG(R) File 16:Gale Group PROMT(R)
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07915230 Supplier Number: 66161700 (THIS IS THE FULLTEXT)
TSI Named One Of This Year's Fastest-Growing Companies By Inc. magazine.
PR Newswire, p9390
Oct 17, 2000
Language: English Record Type: Fulltext
Document Type: Newswire; Trade
Word Count: 528
TEXT:

CAMBRIDGE, Mass., Oct. 17 /PRNewswire/ --

Technology Strategy Inc. (TSI), a leading provider of price optimization and inventory planning solutions for retail and e-tail merchants, has been named one of the fastest-growing companies in the country by Inc. magazine, which recently released its annual ranking of the Inc. 500. The Inc 500, published in October, is an exclusive report on the companies and CEOs who are changing the face of American business. Noteworthy alumni include Microsoft, Timberland, Dominos Pizza and Patagonia.

TSI uses advanced analytics and data-handling techniques to bring precision and predictability to the merchandise planning process. The company's solutions, based on over 15 years of work with leading retailers and manufacturers, provide previously unavailable insight into consumer demand and price-elasticity, to inform pricing, allocation and inventory investment strategies, helping merchants maximize sales and gross margin.

TSI's core product, **Pricing4Profit** (TM), identifies the optimal timing and magnitude of price changes that will maximize gross margin and

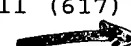
sell-through. By leveraging sophisticated data-handling capabilities and a systems infrastructure optimized to handle terra-byte-plus datasets, **Pricing4Profit** helps clients automatically manage pricing decisions for thousands of products offered at hundreds of store locations. Leading retailers using **Pricing4Profit** include Eddie Bauer, Gymboree and JC Penney, among others.

In addition to **Pricing4Profit**, TSI also offers inventory planning and assortment optimization solutions to help merchants further increase sales and gross margin. Retailers employing TSI's inventory planning and assortment solutions include the TJX Companies, KB Toys, Ross Stores and Ann Taylor.

"We are thrilled to make the prestigious Inc. 500 listing," said Scott Friend, President and CEO, TSI. "TSI continues to grow dramatically in response to retailers' increasing demands for our price, allocation and inventory investment optimization services. As we've grown in recent years, we've been fortunate to attract the highest caliber analytical, technical and retail talent to our firm. We're hopeful that our election into the Inc. 500 club will further our efforts to become the premier provider of inventory optimization solutions across the retail industry."

This marks the 19th year that Inc. has charted the progress of America's most innovative and successful entrepreneurs. To be eligible for the Inc. 500, companies have to be independent and privately held through 1999, have at least \$200,000 in sales in the base year, 1995, and their 1999 sales must have exceeded their 1998 sales. The ranking is based on the percentage increase in sales from 1995 through 1999. Holding companies, regulated banks and regulated utilities are not eligible. Inc. verified all information using tax forms and financial statements from certified public accountants and by conducting interviews with company officials.

About TSI

Technology Strategy Inc. (TSI) is a leading provider of price optimization and inventory planning solutions for retail and e-tail merchants. The company develops and hosts mathematical optimization models that help clients realize increased gross margin dollars, decreased **markdown** rates and more predictable performance. Headquartered in Cambridge, Massachusetts, and staffed by a unique team of retail professionals, mathematicians and physicists, TSI's clients include Macy's West, JC Penney, Eddie Bauer, Gymboree, The TJX Companies, Ross Stores, KB Toys and Ann Taylor. For more information about TSI call (617) 218-1900 or visit www.grossprofit.com ~~<http://www.grossprofit.com>~~ 

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PUBLISHER NAME: PR Newswire Association, Inc.

COMPANY NAMES: *Technology Strategy Inc.

GEOGRAPHIC NAMES: *1USA (United States)

INDUSTRY NAMES: BUS (Business, General); BUSN (Any type of business)

SPECIAL FEATURES: COMPANY

6/9/3 (Item 3 from file: 16)

DIALOG(R)File 16:Gale Group PROMT(R)

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07848139 Supplier Number: 65504618 (THIS IS THE FULLTEXT)

TSI Raises \$14.5 Million From Bain Capital, General Catalyst and Athena

Technology Ventures.

PR Newswire, pNA

Sept 27, 2000

Language: English Record Type: Fulltext

Document Type: Newswire; Trade

Word Count: 779

TEXT:

Second Round Growth Capital to Accelerate Product Development,
Sales and Marketing

CAMBRIDGE, Mass., Sept. 27 /PRNewswire/ --

Technology Strategy Inc. (TSI), a leading provider of price optimization and inventory planning solutions for retail and e-tail merchants, today announced that the company has closed a \$14.5 million second round of financing led by Bain Capital and General Catalyst. Athena Technology Ventures, which led TSI's first round of financing in 1999, also participated in the round. TSI said the infusion of growth capital will be used to expand operations, drive the sales and marketing effort, and to invest further in product development and R&D.

"The sales and gross margin improvements that TSI clients have achieved through use of TSI's Pricing4Profit and inventory planning solutions are extraordinary," said Jeffrey Schwartz, a partner at Bain Capital. "The company's commitment to its clients' success, its world-class analytical team and proprietary technology have allowed the firm to establish itself as an industry leader in price optimization." Schwartz and John Simon, a partner at General Catalyst, have been named to the TSI Board of Directors.

"We're convinced that every retailer, whether a multi-billion dollar giant or a small chain, should be running their business this way," said John Simon. "There is too much money at stake for retailers not to invest in this technology."

Using sophisticated analytics and advanced data-handling techniques, Pricing4Profit identifies the optimal timing and magnitude of price changes to maximize sales, gross margin and sell-thru. Leading retailers using the Pricing4Profit solution include Eddie Bauer, Macy's West, Gymboree, and JC Penney.

"Price optimization is a key element in the next generation of supply chain management," said Lora Cecere, Research Director, Gartner. "While existing supply chain management products optimize constraints on supply and demand for products and services, today's retailers and manufacturers are demanding optimization routines that also include price elasticity and perishable item analysis."

"Within the retail and manufacturing industries, intense competition and pressure on margins are driving the need for pricing, allocation and inventory investment optimization solutions," said Scott Friend, President and CEO of TSI. "Over the past year, we have seen phenomenal growth in our business and demand for our solutions. TSI plans to be the proven provider of optimized answers throughout the supply chain. The growth capital we have received will help us expand and enhance our product offering and ramp up on all fronts to meet the growing needs of our clients."

In addition to Pricing4Profit, TSI offers inventory planning and allocation optimization solutions to further increase sales and gross margin. Using the same analytical techniques and technical infrastructure, TSI helps retailers take the guesswork out of inventory management by providing previously unavailable insights into consumer demand and price elasticity.

About TSI

Technology Strategy Inc. (TSI) is a leading provider of price optimization and inventory planning solutions for retail and e-tail merchants. The company develops and hosts mathematical optimization models that help clients realize increased gross margin dollars, decreased **markdown** rates and more predictable performance. Headquartered in Cambridge, Massachusetts, and staffed by a unique team of retail professionals, mathematicians and physicists, TSI's clients include Macy's West, JC Penney, Eddie Bauer, Gymboree, The TJX Companies, Ross Stores, KB Toys and Ann Taylor. For more information about TSI call (617) 218-1900 or visit www.grossprofit.com.

About Bain Capital

Bain Capital is a global private equity firm that manages several pools of capital including private equity, high-yield assets, mezzanine capital and public equity with over \$12 billion in assets under management. Since its inception in 1984, the firm has made private equity investments and add-ons in over 225 companies, in a variety of industries, including technology and communications, healthcare, consumer goods and industrial products. Bain Capital partners with exceptional management teams in order to build long term value in its portfolio companies. Headquartered in Boston, Bain Capital has offices in New York, San Francisco and London. For more information visit www.baincapital.com

About General Catalyst

Headquartered in Boston, Massachusetts, General Catalyst is an early-stage private equity firm. General Catalyst invests in exceptional entrepreneurs building software, communications, commerce-enabling, and Internet infrastructure companies. Led by a team of experienced entrepreneurs, General Catalyst offers powerful operational and business building skills to its portfolio companies. For more information, visit www.generalcatalyst.com.

About Athena Technology Ventures

Based in Palo Alto, California, Athena Technology Ventures makes investments in early stage companies in the global communications industry. Athena's portfolio includes companies focusing on semiconductors, network systems, telecom services, Internet infrastructure and infraservices, and e-commerce. The principals and support staff bring a broad array of technical, financial, and operational experience for making each investment decision, and supporting each portfolio company. For more information visit www.athenatv.com

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COMPANY NAMES: *Athena; Bain Capital Inc.; General Catalyst; Technology Strategy Inc.

PRODUCT NAMES: *6710000 (Financial Holding Companies)

INDUSTRY NAMES: BUS (Business, General); BUSN (Any type of business)

SIC CODES: 6710 (Holding Offices)

NAICS CODES: 551111 (Offices of Bank Holding Companies)

SPECIAL FEATURES: INDUSTRY; COMPANY

6/9/4 (Item 4 from file: 16)

DIALOG(R) File 16:Gale Group PROMT(R)

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07665567 Supplier Number: 63814219 (THIS IS THE FULLTEXT)

Eddie Bauer Selects TSI's Pricing4Profit Solution.

PR Newswire, p4703

August 2, 2000

Language: English Record Type: Fulltext

Document Type: Newswire; Trade

Word Count: 448

TEXT:

CAMBRIDGE, Mass., Aug. 2 /PRNewswire/ --

Technology Strategy Inc. (TSI), a leading provider of gross profit optimization solutions for retail and e-tail merchants, today announced that Eddie Bauer, a leading specialty retailer, has selected TSI's **Pricing4Profit** solution to help the company manage markdowns and improve gross margin. This initial pilot will focus on Eddie Bauer's Outerwear division and be fully implemented by the Fall 2000 season.

TSI's **Pricing4Profit** is a proven solution that uses custom mathematical models to automatically determine the optimal timing and depth of price changes that will drive incremental sales and maximize gross

margin on a style-by-style basis. "Eddie Bauer selected **Pricing4Profit** because of TSI's specialized data-handling capabilities, world-class analytical team and retail-specific expertise," said Janice Sears, Vice President of Merchandise Planning and Allocation at Eddie Bauer. "We are very excited that we will soon be able to supplement our merchandising intuition with an empirical understanding of consumer demand and price elasticity generated by TSI's **Pricing4Profit** solution. We expect to significantly improve gross margin, reduce our **markdown** budget, and clear merchandise more efficiently."

"TSI is thrilled to add Eddie Bauer to our rapidly growing list of leading retailer clients. The Eddie Bauer organization has a keen understanding of the value that can be created by marrying merchandising intuition with mathematical precision, and we are excited to be their partner in this effort," said Scott Friend, President and CEO of TSI.

About Eddie Bauer: Based in Redmond, Washington, Eddie Bauer is a leading specialty retailer that offers active, casual lifestyle clothing, accessories, home furnishings and decor for the bed and bath through its two concepts: Eddie Bauer and Eddie Bauer Home. In its 80-year history, Eddie Bauer has evolved from a single store to an international company with catalogs (1-800-426-8020), more than 520 stores in the U.S. and Canada, and online at www.eddiebauer.com. Through joint ventures and licensing agreements, Eddie Bauer also markets its sportswear in Germany and Japan.

About TSI (Technology Strategy Incorporated): TSI provides merchants with analytical solutions that bring precision and predictability to inventory investment and pricing strategies. The company develops and hosts mathematical optimization models that help its clients understand the likely impact of all buying and pricing decisions on their bottom line and enable them to make decisions that lead to maximum gross margin. TSI's customers include some of retail's biggest names: Macy's West, Gap Inc., JC Penney, Best Buy, Gymboree Corporation, Thriftys (a division of Canadian retailer Dylex), The TJX Companies, Ross Stores and Ann Taylor. Founded in 1984, and headquartered in Cambridge, Massachusetts, TSI is staffed by a team of mathematicians, physicists and retail professionals. For more information about TSI call 617-218-1900 or visit www.grossprofit.com.

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COMPANY NAMES: *Technology Strategy Inc.

GEOGRAPHIC NAMES: *1USA (United States)

INDUSTRY NAMES: BUS (Business, General); BUSN (Any type of business)

SPECIAL FEATURES: COMPANY

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3/9/1 (Item 1 from file: 9)
DIALOG(R) File 9:Business & Industry(R)
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03011513 Supplier Number: 100185790 (THIS IS THE FULLTEXT)
'Optimizing' Markdowns by Computer.

Women's Wear Daily, p 8
April 16, 2003
DOCUMENT TYPE: Journal ISSN: 0149-5380 (United States)
LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 1001

TEXT:

/ Casual Male Big & Tall and Old Navy say they are getting savvier with markdowns through new technology./ Scott Friend 'Optimizing' Markdowns by Computer Byline: David Moin NEW YORK - With price cutting the biggest trend in retailing, stores are increasingly turning to new software to control the markdown mania.

Sources say Bloomingdale's is close to signing an agreement with ProfitLogic Inc., a Cambridge, Mass., technology firm pushing its " Pricing 4 Profit " software, part of a software suite for "merchandise optimization." Pricing 4 Profit is already used at Northern Apparel Group, Casual Male Big & Tall, Meijer and J.C. Penney, across several categories. Home Depot has joined the crowd, though just for seasonal categories like lawn and garden and snowblowers, but not year-round products, like hammers and nails.

Bloomingdale's will test the system, raising the possibility that its sister divisions at Federated Department Stores, like Macy's, sign on as well. And last Monday, Gap Inc. announced it will use ProfitLogic's software to determine when to take markdowns at its Gap, GapKids, babyGap and GapBody chains, after experimenting with it at the Old Navy division during the 2002 holiday season.

Pricing used to be by gut instinct, when retailers used to be able to wrap their hands around all aspects of their businesses. But the problem is that companies have opened too many stores in different climates and cultures to effectively determine when and by how much they should mark down the merchandise in each store, or whether they're marking down too soon and losing margin.

Moreover, in some cases, vendors must guarantee margins via markdown money, or else retailers won't buy the line, fostering the markdown mentality. But the new technologies are designed to help retailers tighten up, make more money and get a better merchandise flow.

Basically, the software developers combed retailers' databases for historical results on products, blended in forecasting and used complex mathematics to arrive at formulas to predict how consumers will buy, and therefore, how to price the products, factoring out weather and seasons to gauge a "natural demand" for items.

Aside from ProfitLogic, other tech firms offering similar software include Khimetrics, SAS and Spotlight Solutions, and while software to manage markdowns is gaining popularity, industry experts believe the verdict isn't in yet.

"There are numerous kinds of optimization systems from different companies

and some retailers are using them, but there is not an industry-agreed-upon way to do it right," said Cathy Hotka, senior technology consultant for the International Mass Retailers Association. "Some companies have achieved fabulous results one way or another, and if we can get to the point of standardization, it's going to be outrageous. I think at this point, many of the retail customers who have used these technologies have raved about them, but no one assumes they have gotten the most out of it." From a manpower and operations point of view, nothing really changes at stores when they implement markdown software, according to Scott Friend, chief executive of ProfitLogic.

"The thinking that determines the markdown timing and depth is now enhanced by the computer and the analytics, not just the gut feel," Friend said.

What's involved in implementing these systems? Generally, \$1 million or more in costs, as well as the time and labor involved in integrating them into the merchant's existing systems, and a willingness to change processes.

The merchants and the merchandise planners use this system, so in some environments it could be a team. Typically, they would get a new set of weekly markdown recommendations highlighted on their computer screens and integrated with their other systems, and they press a button to execute the price changes at the point of sale.

Friend said certain ProfitLogic customers, such as Penney's, are implementing similar solutions from ProfitLogic that extend the analytic value of **Pricing 4 Profit** into assortment planning and allocation processes, to make better buying decisions about assortment breadth and depth, and sizes, by store location. The firm's overall suite of merchandise optimization includes the **Buying 4 Profit** and **Allocating 4 Profit** systems. It does not involve basic replenishing.

Even if the retailer is buying a new item for the first time, the system works, since it utilizes company history and mathematical understandings about similar products sold in the past, to forecast the optimal pricing procedures, Friend said.

"Implementation is very quick - 10 to 12 weeks," Friend said. "It's not a big MIS integration project, so retailers are often having ProfitLogic host the solution and literally start to get benefits in 10 to 12 weeks. The cost varies depending on complexity of implementation, but generally, the investment is over \$1 million and we have yet to see a case where it doesn't pay for itself in months.

"Department stores and specialty stores think it's all about the merchandise. Fundamentally, it isn't true. You have to leverage this kind of analytical technology to make more precise and profitable decisions."

Michael Stanek, chief financial officer of Canadian specialty apparel retailer Northern Group Retail Ltd., contended in a statement that, "In the first week the software was in production, we generated \$60,000 in additional gross margin on one stockkeeping unit in one store cluster. We were prepared to mark down the merchandise 30 percent, based on gut instinct, inventory levels and the product's life cycle, but the software recommended the company 'hold steady' on prices. We followed the analytics-driven suggestion and reaped extra dollars."

In another example, the company was ready to mark down a product in a region by 30 to 40 percent. "The software told us to hold off and we were able to generate \$35,000 in additional gross margin - again, for that sku

for that region."

Once the chain had a product on reorder, the software warned that it would require an aggressive markdown to sell it. "It wasn't a matter of what we had already invested that time," said Stanek. "But we were able to cancel the order and save on our inventory costs...We plan to lock into other areas such as assortment planning and allocation optimization as we gain more experience with the software."

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COMPANY NAMES: BLOOMINGDALE'S INC (FEDERATED DEPARTMENT STORES INC);
PROFITLOGIC INC
INDUSTRY NAMES: Department stores; Retailing non-food; Software
PRODUCT NAMES: Department stores (531000); Prepackaged software (737200)
CONCEPT TERMS: All company; Orders
GEOGRAPHIC NAMES: North America (NOAX); United States (USA)

3/9/2 (Item 1 from file: 13)
DIALOG(R) File 13:BAMP
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00840227 Supplier Number: 99907719 (THIS IS THE FULLTEXT)
Merchandising, planning, allocation. (Apparel Solutions).

Apparel, v 44, n 8, p 22
April 2003
DOCUMENT TYPE: Journal ISSN: 1543-2009 (United States)
LANGUAGE: English RECORD TYPE: Fulltext
WORD COUNT: 2550

TEXT:

Throw in a cup of point-of-sale (POS) data, add a pinch of optimization, stir with some collaboration, and what do you have?

New Recipes for Success: Increasingly, retailers are turning to software solutions to marry the "science" of data crunching and analysis with the "art" of merchandising. In so doing, they are removing some guesswork from traditional planning processes.

If you've done everything right, you probably have a recipe that has greatly improved your traditional methods of determining what apparel products and how many to purchase, where to allocate them and when to mark them down. Most likely, your recipe takes advantage of one of the many software solutions on the market that enables retailers to crunch billions of points of data to make detailed decisions on a store- and style-wide level, rather than generalized assessments about chain-wide performance.

Indeed, apparel retailers and brands are challenged more than ever in today's competitive environment to take advantage of their historical sales information and process it into useable chunks of data to improve such business practices as forecasting and inventory planning -- and ultimately the company's bottom line.

Moreover, apparel firms are being challenged to cater to their customers on an individualized basis while still operating from centralized systems and processes that are more efficient but have distanced the merchants from learning about who their customer is and what she wants. The need to drill down to the store level and serve the individual customer has led some retailers to rethink their business practices and the way that they

approach their planning processes, while new software solutions have enabled new philosophical approaches to become reality.

The Birth of a Plan

Traditionally, apparel retailers have approached the planning process from different perspectives. Some don't go much farther than establishing a basic merchandising plan that meets the budget set forth by the company's financial plan. Others drill down to assortment planning, allocation planning and classification planning, while others have taken things to store planning, space planning and even style/SKU planning levels.

Typically, merchandisers have made decisions based on a combination of intuition and a generalized use of the company's historical sales data. Most merchandisers work in averages, using chain-wide POS data to make determinations about purchases, allocations and assortments for upcoming seasons. For example, merchandisers typically make assortment plans based on store clustering strategies, which identify groups of stores based on such factors as demographics, highest sales and store size, without being able to look at the particular quirks of individual stores and how their markets may respond differently to product assortments.

Why? Simply put, it is not humanly possible for a merchandiser to keep track of and process the millions and billions of points of data that are produced from the sale of each item in each store. The merchandiser is "only one person and can really only look at (planning) in a very broad way, and not get very granular with store-level decisions or even clustering decisions," says Carrie Johnson, retail analyst with Forrester Research.

But with the aid of new technology solutions on the market, retailers have begun to take greater advantage of the repositories of extremely detailed data they have at their fingertips.

Drilling Down: Store and Space Planning

Take Gadzooks, for instance. The trendy juniors retailer was stocking inventory based on sales receipts, without forecasting for each store based on its individual needs, explains Tim Wenzel, director of store planning and allocation. While Wenzel is quick to assert that the company wants "to make sure that our merchants are still merchants" and that technology cannot predict what's going to be hot, he said he has found that technology can go a long way in the area of allocation and store planning.

In fact, during the past year, Gadzooks has established a store planning department and has focused on bridging the gap between planning and allocation through the use of STS' suite of solutions, which include Connected Retailer Merchandise Planning and Connected Retailer Allocation. The system has given the company more flexibility to allocate using its storehouse of POS data. For instance, the company can look at sales by time frames or styles -- store wide or an individual store level. To determine the viability of a new style of jacket, says Wenzel, the company can review the sales data from a similar jacket during a particular period. "Not everything is driven at a higher classification level," he explains. Moreover, the ability to drill down to "lower levels" on a weekly basis has allowed Gadzooks to react early and quickly, which is particularly important for styles that have shorter life spans, he acknowledges.

Gadzooks' foray into store planning also has provided more flexibility to consider stores on an individual basis with respect to space planning and presentation. The company can now plan for faster merchandise turns in some stores over others, or add square footage or density standards into the

variable mix. "What we've been trying to do is visit some of these subjective questions and objectify them a little bit. Then we can almost go back and prove what may have done a better job of predicting future sales," he explains.

From an industry-wide perspective, store and space planning are becoming increasingly popular components of the overall planning process. Big M Inc., the parent of juniors specialty chain Mandeess, off-price designer Annie Sez and accessories chain Afaze, is evolving into this area with a passion. The company, which uses JDA Software Group solutions, including Arthur Allocation, and also has several of its own home-grown solutions for planning, has created a module within Arthur to take space planning to the next level.

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In that vein, while Forrester's Johnson notes a big trend toward networking systems and automating spreadsheet-intensive processes, she adds: "What's much more exciting is what's going on in the optimization space, (where) you're building plans and assortment at the SKU/store level ... making much better use of the data that retailers have from POS and transaction logs, that a human simply can't sort through."

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"It's not just about merchandise anymore, says Stanek. "If you add an analytical or scientific component to your merchandising process, you can do two things. You can minimize risks in the event of a bad buy or economic downturn, and you can also maximize potentials if you're hitting everything head on."

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As part of its strategy to maximize operations, Northern is also about 15 percent of the way through the process of upgrading its CRM and merchandising systems, putting in new platforms from STS for both. The company has a "pretty significant loyalty program," but while it knows how much its customers spend, it's not really sure what they buy," Stanek notes.

"We want to know that a customer came in and bought blue pants at full price," he says, adding that ultimately, the company hopes that its new systems will enable it to move into SKU planning by cluster.

Like Stanek, Big M's Zarrello says he believes that price optimization is an important part of the entire planning process. Currently, the company makes markdown decisions based on its own study of historical data, but the company is looking into solutions such as those offered by ProfitLogic and Spotlight Solutions, he remarks.

Markdown optimization is tricky business, and taking a scientific approach can be enlightening, says Zarrello. Historically, buyers have had full charge of markdowns, and because of their tendency to have an emotional connection to the apparel, "they don't really want to mark something down until they see it slow down." But this reactionary approach is often too late to be effective, explains Zarrello. By the time the markdown goes into effect, the hype has already passed.

"Markdown optimization teaches you where you are on the lifecycle (of a product) and allows you to become more proactive in achieving desired sell-throughs," says Zarrello. "Sometimes you have to give the merchandise a little push when it's in the peak demand period." This allows you to end the season with cleaner inventories, while protecting gross margins, he explains.

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There's another area that's ripe for optimization, and that is the relationships that retailers have with their supply partners.

After all, if the information is available, why not push it as far back into the supply chain as possible? Why not let your data work for you?

That's just what American Pacific thought. The company, a wholesale distributor in the home textiles market, is in the process of implementing 4R's software into its business structure to help better analyze large amounts of POS data from its retail customers, which include Linens 'n Things and Saks Department Store Group.

"We identified a business need to improve forecast accuracy," says Gary Gleckner, director of information services. Realizing that the company was not taking the best advantage of POS data, it turned to 4R's suite of solutions -- RightTest(TM), RightBuy(TM), RightPlan(TM) and RightData(TM) -- which utilize POS data for much of their algorithms and mathematical computations, Gleckner explains.

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Merchandising, Planning, Allocation: New Recipes for Success

Speer, Jordan K

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ABSTRACT: Increasingly, retailers are turning to software solutions to marry the science of data crunching and analysis with the art of merchandising. In so doing, they are removing some guesswork from traditional planning processes. Here, Speer discusses the new recipes for success on merchandising, planning and allocation.

TEXT: Increasingly, retailers are turning to software solutions to marry the "science" of data crunching and analysis with the "art" of merchandising. In so doing, they are removing some guesswork from traditional planning processes.

throw in a cup of point-of-sale (POS) data, add a pinch of optimization, stir with some collaboration, and what do you have?

If you've done everything right, you probably have a recipe that has greatly improved your traditional methods of determining what apparel products and how many to purchase, where to allocate them and when to mark them down. Most likely, your recipe takes advantage of one of the many software solutions on the market that enables retailers to crunch billions of points of data to make detailed decisions on a store- and stylewide level, rather than generalized assessments about chain-wide performance.

Gadzooks is using STS' planning and allocation solutions to analyze data at the individual store level.

Indeed, apparel retailers and brands are challenged more than ever in today's competitive environment to take advantage of their historical sales information and process it into useable chunks of data to improve such business practices as forecasting and inventory planning - and ultimately the company's bottom line.

Moreover, apparel firms are being challenged to cater to their customers on an individualized basis while still operating from centralized systems and processes that are more efficient but have distanced the merchants from learning about who their customer is and what she wants. The need to drill down to the store level and serve the individual customer has led some retailers to rethink their business practices and the way that they approach their planning processes, while new software solutions have enabled new philosophical approaches to become reality.

The Birth of a Plan

Traditionally, apparel retailers have approached the planning process from different perspectives. Some don't go much farther than establishing a basic merchandising plan that meets the budget set forth by the company's financial plan. Others drill down to assortment planning, allocation planning and classification planning, while others have taken things to store planning, space planning and even style/SKU planning levels.

Typically, merchandisers have made decisions based on a combination of

intuition and a generalized use of the company's historical sales data. Most merchandisers work in averages, using chain-wide POS data to make determinations about purchases, allocations and assortments for upcoming seasons. For example, merchandisers typically make assortment plans based on store clustering strategies, which identify groups of stores based on such factors as demographics, highest sales and store size, without being able to look at the particular quirks of individual stores and how their markets may respond differently to product assortments.

Mindset change: Northern Group Retail - whose divisions include Northern Reflections, Northern Traditions and Northern Getaway - is going after gross margin dollars, rather than just comp sales growth, to boost its bottom line.

Why? Simply put, it is not humanly possible for a merchandiser to keep track of and process the millions and billions of points of data that are produced from the sale of each item in each store. The merchandiser is "only one person and can really only look at (planning) in a very broad way, and not get very granular with store-level decisions or even clustering decisions," says Carrie Johnson, retail analyst with Forrester Research.

But with the aid of new technology solutions on the market, retailers have begun to take greater advantage of the repositories of extremely detailed data they have at their fingertips.

Drilling Down: Store and Space Planning

Take Gadzooks, for instance. The trendy juniors retailer was stocking inventory based on sales receipts, without forecasting for each store based on its individual needs, explains Tim Wenzel, director of store planning and allocation. While Wenzel is quick to assert that the company wants "to make sure that our merchants are still merchants" and that technology cannot predict what's going to be hot, he said he has found that technology can go a long way in the area of allocation and store planning.

In fact, during the past year, Gadzooks has established a store planning department and has focused on bridging the gap between planning and allocation through the use of STS' suite of solutions, which include Connected Retailer Merchandise Planning and Connected Retailer Allocation.

The system has given the company more flexibility to allocate using its storehouse of POS data. For instance, the company can look at sales by time frames or styles - store wide or an individual store level. To determine the viability of a new style of jacket, says Wenzel, the company can review the sales data from a similar jacket during a particular period. "Not everything is driven at a higher classification level," he explains. Moreover, the ability to drill down to "lower levels" on a weekly basis has allowed Gadzooks to react early and quickly, which is particularly important for styles that have shorter life spans, he acknowledges.

Gadzooks' foray into store planning also has provided more flexibility to consider stores on an individual basis with respect to space planning and presentation. The company can now plan for faster merchandise turns in some stores over others, or add square footage or density standards into the variable mix. "What we've been trying to do is visit some of these subjective questions and objectify them a little bit. Then we can almost go back and prove what may have done a better job of predicting future sales," he explains.

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Home fashions distributor American Pacific is collaborating with its retail partners to get the right product to the right store at the right time.

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by Jordan K. Speer, Apparel

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/ Casual Male Big & Tall and Old Navy say they are getting savvier with markdowns through new technology./ Scott Friend'Optimizing' Markdowns by Computer Byline: David Moin NEW YORK - With price cutting the biggest trend in retailing, stores are increasingly turning to new software to control the markdown mania.

Sources say Bloomingdale's is close to signing an agreement with ProfitLogic Inc., a Cambridge, Mass., technology firm pushing its " Pricing 4 Profit " software, part of a software suite for "merchandise optimization." Pricing 4 Profit is already used at Northern Apparel Group, Casual Male Big & Tall, Meijer and J.C. Penney, across several categories. Home Depot has joined the crowd, though just for seasonal categories like lawn and garden and snowblowers, but not year-round products, like hammers and nails.

Bloomingdale's will test the system, raising the possibility that its sister divisions at Federated Department Stores, like Macy's, sign on as well. And last Monday, Gap Inc. announced it will use ProfitLogic's software to determine when to take markdowns at its Gap, GapKids, babyGap and GapBody chains, after experimenting with it at the Old Navy division during the 2002 holiday season.

Pricing used to be by gut instinct, when retailers used to be able to wrap their hands around all aspects of their businesses. But the problem is that companies have opened too many stores in different climates and cultures to effectively determine when and by how much they should mark down the merchandise in each store, or whether they're marking down too soon and losing margin.

Moreover, in some cases, vendors must guarantee margins via markdown money, or else retailers won't buy the line, fostering the markdown mentality. But the new technologies are designed to help retailers tighten up, make more money and get a better merchandise flow.

Basically, the software developers combed retailers' databases for historical results on products, blended in forecasting and used complex mathematics to arrive at formulas to predict how consumers will buy, and therefore, how to price the products, factoring out weather and seasons to gauge a "natural demand" for items.

Aside from ProfitLogic, other tech firms offering similar software include Khimetrics, SAS and Spotlight Solutions, and while software to manage markdowns is gaining popularity, industry experts believe the verdict isn't in yet.

"There are numerous kinds of optimization systems from different companies and some retailers are using them, but there is not an industry-agreed-upon way to do it right," said Cathy Hotka, senior technology consultant for the International Mass Retailers Association. "Some companies have achieved fabulous results one way or another, and if we can get to the point of standardization, it's going to be outrageous. I think at this point, many of the retail customers who have used these technologies have raved about them, but no one assumes they have gotten the most out of it."

From a manpower and operations point of view, nothing really changes at stores when they implement markdown software, according to Scott Friend, chief executive of ProfitLogic.

"The thinking that determines the markdown timing and depth is now enhanced by the computer and the analytics, not just the gut feel," Friend said.

What's involved in implementing these systems? Generally, \$1 million

or more in costs, as well as the time and labor involved in integrating them into the merchant's existing systems, and a willingness to change processes.

The merchants and the merchandise planners use this system, so in some environments it could be a team. Typically, they would get a new set of weekly markdown recommendations highlighted on their computer screens and integrated with their other systems, and they press a button to execute the price changes at the point of sale.

Friend said certain ProfitLogic customers, such as Penney's, are implementing similar solutions from ProfitLogic that extend the analytic value of Pricing 4 Profit into assortment planning and allocation processes, to make better buying decisions about assortment breadth and depth, and sizes, by store location. The firm's overall suite of merchandise optimization includes the Buying 4 Profit and Allocating 4 Profit systems. It does not involve basic replenishing.

Even if the retailer is buying a new item for the first time, the system works, since it utilizes company history and mathematical understandings about similar products sold in the past, to forecast the optimal pricing procedures, Friend said.

"Implementation is very quick - 10 to 12 weeks," Friend said. "It's not a big MIS integration project, so retailers are often having ProfitLogic host the solution and literally start to get benefits in 10 to 12 weeks. The cost varies depending on complexity of implementation, but generally, the investment is over \$1 million and we have yet to see a case where it doesn't pay for itself in months.

"Department stores and specialty stores think it's all about the merchandise. Fundamentally, it isn't true. You have to leverage this kind of analytical technology to make more precise and profitable decisions."

Michael Stanek, chief financial officer of Canadian specialty apparel retailer Northern Group Retail Ltd., contended in a statement that, "In the first week the software was in production, we generated \$60,000 in additional gross margin on one stockkeeping unit in one store cluster. We were prepared to mark down the merchandise 30 percent, based on gut instinct, inventory levels and the product's life cycle, but the software recommended the company 'hold steady' on prices. We followed the analytics-driven suggestion and reaped extra dollars."

In another example, the company was ready to mark down a product in a region by 30 to 40 percent. "The software told us to hold off and we were able to generate \$35,000 in additional gross margin - again, for that sku for that region."

Once the chain had a product on reorder, the software warned that it would require an aggressive markdown to sell it. "It wasn't a matter of what we had already invested that time," said Stanek. "But we were able to cancel the order and save on our inventory costs...We plan to lock into other areas such as assortment planning and allocation optimization as we gain more experience with the software."

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INDUSTRY NAMES: BUSN (Any type of business); FASH (Fashion, Accessories and Textiles); RETL (Retailing)

SIC CODES: 5311 (Department stores); 7372 (Prepackaged software)

NAICS CODES: 45211 (Department Stores); 51121 (Software Publishers)

3/9/5 (Item 2 from file: 16)
DIALOG(R) File 16:Gale Group PROMT(R)
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08784364 Supplier Number: 76414222 (THIS IS THE FULLTEXT)
TRUSERV ROLLS OUT MERCHANDISING AND MARKETING PROGRAMS.

Do-It-Yourself Retailing, v180, n6, p15

June, 2001

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TEXT:

Wholesaler Also Introduces Unique Wall Treatment System That Attracts Magnets

* True Value's Spring Market last month in Atlanta's Georgia World Congress Center may have set the co-op's record for introducing the most new and innovative programs. Topping the list for innovation would be the company's new Magnetic Creations wall treatment system that allows most walls to attract magnets once the "paint" is applied.

Innovations on the marketing side of the business included new specialty departments, a unique customer loyalty program and the introduction of a new in-store decor package that TruServ calls "Store (2)."

This comprehensive sign and store design program includes high-impact banners and section graphics, powerful new endcap designs and useful product category information signs that help customers choose exactly the right products. The overhead signs focus on four competitive slogans that were selected from more than 20 ideas that were tested with consumers:

- * Know How, Right Now.
- * Everyday Fixups, Everyday Answers.
- * Fast Answers, Faster Shopping.
- * Your Total Hardware Convenience Store.

Updated graphics and designs include a rounded sign on the front of endcaps. More importantly, the store's signs focus on helping customers find the products as well as the information they need to complete their project.

Dave Davis, TruServ's director-marketing and sales, notes the availability of overhead signs attached to gondolas as well as laminated cards, flip books and take-away pieces in the aisles to help customers pick exactly the right product for their needs.

A total of 20 product categories, including paint, are part of the first wave of this new decor/communication program. The goal is to have 80 percent of all product categories completed by True Value's Fall Market in October.

Working together with Marketing Support Inc. (MSI), a Chicago-based firm that specializes in retail communication, TruServ has designed a look and feel that fits the existing True Value store character. The color selection is blue, red and white. The messaging is bold, crisp and easy to read. The information in each product category gives good, quick advice and uses icons such as:

- * What you need.
- * Make it easy.
- * Where to use.
- * When to use.
- * Did you know?
- * How to start.

In the past, MSI has worked with many retailers including Ace Hardware and Home Depot's Villager's Hardware. MSI President Dave Olsson

says, "The most important factor in the development of Store (2) is that it was not created in a vacuum. The whole process was research driven, including both message and graphics testing with consumers as well as numerous store owner interviews."

CUSTOMER LOYALTY PROGRAM

True Value is also taking customer loyalty programs to the next level with the introduction of its new "True Blue Rewards" program. It offers customers a rebate on their purchases after they have accumulated a predetermined number of points. Unlike other programs, the rebate is immediately given out to the customer in "True Blue Bucks" at the store level.

True Value is the first in the home improvement industry to employ a new type of card that uses thermal technology. This feature gives the program added impact at the customer level, allowing updated point totals and consumer offers to appear on the card with each use.

The card acts like a miniature database that links the customer with the card and can allow True Value members to change the message individual customers receive based on their actual buying behavior in the store. Additionally, the True Blue Rewards program offers members the opportunity to customize their program to include random rewards, local offers, in-store marketing messages and cross promotions with other retailers.

Davis says, "The immediate in-store cash rebate the customer receives upon hitting the designated point level, along with the changing messages and random rewards, reinforces the True Value message of convenience and service with our best customers."

TruServ will be rolling out the program with Visible Results USA Inc., a New Zealand-based firm that specializes in these types of comprehensive initiatives.

Michael Whittaker, ceo of Visible Results, says, "The most important factor in the development of the True Blue Rewards Program was the in store testing with True Value retailers and their customers."

According to TruServ, the in-store tests, which were conducted in 20 stores in Ohio and Colorado, showed an increase in cardholders' average purchases. In two months, these stores signed up more than 5,000 customers, and top-performing stores had high enrollments. TruServ also noted that valuable customer data is already being captured.

Customers do not pay to join, and they earn 10 points for every dollar they spend at a participating True Value store. They earn 400 points for signing up. After earning 1,000 points, they receive a certificate for \$2.50 in store value to use on their next visit.

The base package to get started in the program costs a retailer a one-time charge of about \$750 for the card system and starter p-o-p materials. The monthly fee for the retailer is about \$350 and includes technical support, program management, reports and promotional opportunities. Based on feedback from retailers, TruServ said these prices might be lowered.

TruServ says that if a retailer's 750 best customers increase their average purchase by only \$2, annual sales would increase more than half a million dollars. That's assuming these customers make four trips to the store each month. Based on an average gross margin of 38 percent, the impact to gross profit would be more than \$72,000. A \$12 increase would provide \$432,000 in additional gross margin dollars.

If the program brought these top customers to the store just four more times every year, TruServ notes the impact would also be significant. This increase would bring in an additional \$39,000 in gross-margin dollars even if these consumers' average transaction did not increase.

INVENTORY MANAGEMENT

More than 800 True Value retailers representing more than 500 stores participated in the Retail Merchandising Conference held the day before the market began.

The Advanced Inventory Management--or AIM Program--allows True Value

members to implement category management assortments into their stores. This process is designed to increase inventory productivity and gross profit at retail and warehouse as well as create a consistent retail merchandising strategy. The Spring Market's conference applied the AIM process to the hardware, housewares and appliance departments.

True Value members' enthusiasm for AIM continues to grow, with more than 1,400 True Value members benefiting from this retail focused program.

Unlike other category management programs, AIM is based on hard numbers. It attempts to merchandise a store in a manner that mirrors the way in which customers think and shop. To accomplish that, the AIM team looks at retail point-of-sales data from 1,600 members and best-in-class retailers from the given department. The merchandisers can quickly see which products are being sold through True Value stores.

Retailers participating in the program provide TruServ with computer files of their department SKUs. This data is used to create easy-to-read reports that show retailers the items a store their size is selling that they are not stocking. It also shows the products that most True Value stores would be better off not stocking. Based on these reports, retailers can make confident decisions on what they should have on their shelves.

"AIM is not just based on point-of-sales data," says Ted Noring, TruServ's director of retail operations. "We also take into account what projects customers come to True Value stores for and what it takes to complete the project. The seasonality of some lines is also considered in order to keep them up to date and exciting. We have the flexibility to add items that are 'hot' or trendy. For instance, if white is out and bisque is in, we can adapt to that."

INCREASING MARGINS

During the AIM conference, TruServ also introduced other programs. Its **Pricing 4 Profit** initiative is designed to add four points to retailers' overall gross margins without an additional inventory investment.

"In 2000, the profitability of our stores averaged 37.8 percent," Noring said. He expressed confidence that members could push this gross margin to 41.8 percent.

Noring says TruServ regularly tracks the retail pricing and sales information of 800 True Value stores. His staff can analyze this data to see how well products move at prices above and below the co-op's suggested retail price.

As an example, Noring noted that 43 percent of True Value retailers were selling a specific ballcock for 11 percent to 20 percent more than its suggested retail price of \$5.99. Since the company sold 944,000 of these products last year, Noring noted that a one dollar increase on this product accounts for nearly a million dollars in profit from just one SKU.

By the Fall Market in Las Vegas, TruServ plans to have all 42,350 AIM department SKUs repriced.

Members gave a cheer when TruServ unveiled its True Value SignShop, a new online program that allows store owners to customize and print their own professional-quality signs. Retailers will be able to go online and choose a template that allows them to pick the style and size of a needed shelf sign.

By typing in the SKU number, a sign is automatically created that includes the item number and descriptive copy, such as the product features and benefits. Once this is done, the price and description can be edited before printing it. Another important feature of the program is that it does not require any new software.

ATTRACTING CUSTOMERS

TruServ created a lot of attention with its introduction of Magnetic Creations, a revolutionary new wall treatment concept. It isn't paint; it's a unique wall decor system that is specially **formulated** to attract magnets. Consumers simply apply the wall treatment before covering it with a topcoat of their favorite latex color to create interactive walls that

can be changed repeatedly with the use of magnets.

After a year of testing, TruServ is ready to manufacture and sell the patented product, which is a recipient of the Good Housekeeping Seal of Approval(TM).

The Magnetic Creations starter kit includes a half gallon of the iron-based wall treatment, two foam roller covers, a stir stick, color brochure, printed instructions and a videotape. This kit will cover 100 square feet of surface.

In addition to offering a wide selection of accessory magnets and half-gallon and quart refills, TruServ has developed decorating kits for creating themes such as "The Learning Wall," "Outer Space" and "Under the Sea."

HOLIDAY WONDERLAND

Following up the success of its Grill Zone program, TruServ introduced another store-within-a-store concept--Holiday Wonderland. From the glittering arch to the nutcracker soldiers and signage designed to look like row house villages under a night sky canopy, everything about this concept is designed to help the retailer create store traffic, especially with the female consumer.

According to Rob Liebgott, TruServ's senior vice president-advertising, sales, merchandising and marketing, "The Holiday Wonderland is a complete presentation strategy that helps participating True Value members create a holiday environment offering a full range of Christmas items. Our goal was to include approximately 20 percent more upscale product while keeping the basics well represented. It's a different mix than a customer would expect to find in a hardware or discount store and gives participating stores the image of unique product that is worth coming to see."

To create the proper sales environment for this category, members only need 162 lineal feet of space (695 square feet), so the basic concept can easily take the place of a grill or garden section after the outdoor season ends. The basic concept can also be expanded to 1,295 square feet to accommodate bulk trees and outdoor decorations. The strategy reflects a complete presentation, everything from lighting to ornaments and tabletop items from well-known companies as well as international suppliers. In total, Holiday Wonderland has 24 individual category planograms.

On other merchandising and marketing fronts, TruServ introduced a new floor care marketing program. The company is also considering a new, in-store power tool merchandising strategy and an update to its Paint Store departments.

Liebgott told retailers the company's advertising would focus more on products and price. In addition, circulars will be backed up with more cohesive radio and television spots.

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PUBLISHER NAME: National Retail Hardware Association

INDUSTRY NAMES: BUSN (Any type of business); CNST (Construction and Materials); HOME (Home Furnishings); RETL (Retailing)

3/9/6 (Item 1 from file: 613)

DIALOG(R) File 613:PR Newswire

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00598775 20010626HSNATL1B (THIS IS THE FULLTEXT)

PR Newswire National Summary, Tuesday, June 26, 8 to 10 A.M. EDT

PR Newswire

Tuesday, June 26, 2001 14:12 EDT

JOURNAL CODE: PR LANGUAGE: ENGLISH RECORD TYPE: FULLTEXT

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TEXT:

Following is a summary of news releases transmitted this morning by PR Newswire. The full text of these releases is available at the PRN Press Room,
<http://www.prnmedia.com>.

CGTU025 06/26/2001 08:01 r f bc-NE-Lindsay-results
(OMAHA) Lindsay Manufacturing Co. Reports Fiscal Third Quarter Results

DATU004 06/26/2001 08:01 r v bc-NY-Compaq-press-conf
(NEW YORK) Compaq Press Conference at TechExpo

LATU041 06/26/2001 08:01 r f bc-CA-LSI-E-Series
(MILPITAS) LSI Logic E-Series Storage Systems and VERITAS Volume Replicator Enable Comprehensive Data Replication Over Any IP Network

NETU013 06/26/2001 08:01 r f bc-MD-TheraMed-board
(ROCKVILLE) TheraMed Strengthens Board of Directors and Scientific Advisory Board with Key Appointments

SFTU022 06/26/2001 08:01 r f bc-NY-Nat'l-Semi-DT-Rsr
(NEW YORK) Wireless Web-Based Digital Tablet From DT Research Features National's Geode Processor

SFTU042 06/26/2001 08:01 r f bc-CA-Adobe-Systems
(SAN JOSE) Adobe Settles Reseller Cases Against Software Pirates

SFTU043 06/26/2001 08:01 r f bc-CA-Oracle.com-Launch
(REDWOOD SHORES) Oracle Launches Oracle.com Online Services

SFTU044 06/26/2001 08:01 r f bc-IL-Blue-Martini-QRS
(RETAIL SYSTEMS) Blue Martini Software, QRS and TrueSpectra Collaborate

on

Web-Ready Imaging Initiative

SFTU064 06/26/2001 08:01 r f bc-CA-McAfee-1-million
(SUNNYVALE) McAfee.com Surpasses One-Millionth-Subscriber Milestone

DCTU006 06/26/2001 08:02 r f bc-MD-EntreMed-CEO-Fwd40
(ROCKVILLE) EntreMed CEO Dr. John Holaday Designated One of Region's Most Influential Businesspeople

SFTU033 06/26/2001 08:02 r f bc-CA-CADENCE-Awards
(SAN FRANCISCO) CADENCE Magazine Announces the Winners of the 2001 A/E/C Systems Show Stopper Awards

SFTU055 06/26/2001 08:02 r f bc-CA-MercuryInter-Test
(SUNNYVALE) Mercury Interactive Introduces Industry's First Security Testing Service

SFTU058 06/26/2001 08:02 r f bc-WA-Concur-Community
(REDMOND) Concur Impacts the Lives of Others With Community Involvement

SFTU086 06/26/2001 08:02 r f bc-CA-Interwoven-embrace
(SUNNYVALE) Portal Leaders Embrace Interwoven

SFTU087 06/26/2001 08:02 r f bc-CA-Interwoven-portal
(SUNNYVALE) Interwoven Launches PortalReady SDK

CGTU001 06/26/2001 08:03 r v bc-NY-Headache-Congress
(MONTREAL) The Latest News About Headaches Announced at the 10th

International Headache Congress (IHC) meeting in New York

CLTU004 06/26/2001 08:03 r f bc-OH-AK-Steel-acquires
(MIDDLETOWN) AK Steel to Acquire Alpha Tube

DCTU001 06/26/2001 08:03 r f bc-VA-Career-Bldr-Summer
(RESTON) Workers Often Pack Flip-Flops and Laptops During Summer
Getaways,
CareerBuilder Survey Finds Enjoying Vacation Requires Workplace
Planning

HSTU016 06/26/2001 08:03 r f bc-OK-NIC-wins-OK-con
(OKLAHOMA CITY) NIC Wins eGovernment Contract for the State of Oklahoma

LATU048 06/26/2001 08:03 r f bc-NY-MXO-New-Soltuion
(NEW YORK) Maxtor's New Personal Storage Solution Meets
Performance Demands for Hot Consumer Applications
LATU049 06/26/2001 08:03 r f bc-NY-MXO-DiamondMax-Awd
(NEW YORK) Maxtor(R) DiamondMax(TM) Plus 60 Wins 2001 World
Class Award From PC World

LATU057 06/26/2001 08:03 r f bc-CA-MPTV-Closes-Re-Fin
(IRVINE) MPTV Closes on Re-Financing Its Mortgage on Lake Trop Property

MO052 06/26/2001 08:03 r f bc-a-CDP-CGI-renew-agree
(MONTREAL) The Caisse de Depot et Placement du Quebec (CDP Capital)
and CGI Renew their Service Agreement for Three Years

NYTU016 06/26/2001 08:03 r f bc-NJ-Wire-One-Yipes-Com
(HILLSIDE) Wire One and Yipes Communications Sign Video Services
Agreement

SFTU049 06/26/2001 08:03 r f bc-CA-Center-Trust-DIV
(MANHATTAN BEACH) Center Trust Declares Second Quarter
Dividend of \$0.04 Per Share

SFTU091 06/26/2001 08:03 r f bc-UT-Novell-elect
(PROVO) Novell Names Carl Yankowski to Novell Board of Directors
TO263 06/26/2001 08:03 r f bc-Core-MetroCast-growth
(HALIFAX) Core Networks to help MetroCast Cablevision
achieve aggressive growth plans

CHTU003 06/26/2001 08:04 r f bc-NC-Vialogix-web-site
(CHARLOTTE) International Graphics Group, Vialogix Launch Web Site

DATU003 06/26/2001 08:04 r f bc-Greyhound-summer-fare
(ORLANDO) Greyhound Lowers Summer Fares for East Coast Travelers

DATU006 06/26/2001 08:04 r f bc-NY-NetEye-study
(ORLANDO) Study Conducted for NetEye By Aberdeen Group Shows
Hard Fight Ahead Against IP Fraud

HSTU006 06/26/2001 08:04 r f bc-FL-Systar-DMR-partner
(ORLANDO) Systar and DMR Consulting Partner to Deliver
Ready-to-Implement
Business Process Performance Management Solutions

NYTU005 06/26/2001 08:04 r v bc-NY-PC-EXPO-TECHXNY
(SANTA CLARA) PC EXPO/TECHXNY 2001 - WHAT'S NEXT, IS HERE The Largest
IT
Solutions Event on the East Coast Showcases Cutting-Edge Technology

NYTU015 06/26/2001 08:04 r f bc-NY-Curative-Health
(HAUPPAUGE) Curative Health Services Names Corporate Counsel

NYTU018 06/26/2001 08:04 r f bc-NY-Cadwalader-hires
(NEW YORK) Cadwalader Adds Adam Rogoff to Financial Restructuring
Department

PHTU004 06/26/2001 08:04 r f bc-NJ-Franklin-MobiPocket
(BURLINGTON) Franklin Electronic Publishers, Inc. and
MobiPocket.com S.A. Enter eBook Alliance

PHTU006 06/26/2001 08:04 r n bc-PA-UFCW-Local23-bill
(CANONSBURG) PLCB Clerks to Handbill the Public June 27 - July 3

SFTU004 06/26/2001 08:04 r f bc-CA-WhereNet-Alliance
(SANTA CLARA) WhereNet Expands Into Health Care Market

SFTU008 06/26/2001 08:04 r f bc-CA-NARUS-NetFlow
(LOS ANGELES) NARUS Introduces 'NARUS FlowVision Appliance for
NetFlow' to Easily Access NetFlow Data Produced by Cisco Routers

DCTU011 06/26/2001 08:05 r f bc-DC-Strategis-Glb-Tlcm
(WASHINGTON) Findings of Global Telecom Market Index Survey
Released by The Strategis Group

FLTU005 06/26/2001 08:05 r n bc-FL-Daily-Wellness
(PARIS) Taking a 'Fitness' Approach Towards Sexual Health: Sexual
Fitness
Study Results Presented at 15th Annual World Congress of Sexology

FLTU007 06/26/2001 08:05 r n bc-FL-Daily-Wellness
(PARIS) Research on Role of Nutrition in Female Sexual Health Presented
at 15th Annual World Congress of Sexology In Paris, France

LATU008 06/26/2001 08:05 r f bc-NY-TEAC-PCExpo
(NEW YORK) TEAC Extends Portable Product Line With New CD-RW Drive

LATU027 06/26/2001 08:05 r f bc-CO-SPNC-Laser-Products
(COLORADO SPRINGS) Spectranetics' Excimer Laser Products Featured at
10th Annual Kurashiki PTCA Live Demonstration Course

NYTU033 06/26/2001 08:05 r f bc-MA-OXiGENE-Combretast
(WATERTOWN) OXiGENE's Combretastatin Retards Growth of Liver
Metastases as a Single Agent

NYTU034 06/26/2001 08:05 r f bc-NY-Scientific-Games
(NEW YORK) Scientific Games' Partner Arena Leisure Completes
Agreement With British Horseracing Board

PHTU001 06/26/2001 08:05 r f bc-MD-ViPS-CSC-contract
(BALTIMORE) ViPS Joins CSC in Major Contract Providing IT
Solutions to the National Institutes of Health

PHTU011 06/26/2001 08:05 r f bc-PA-Bristol-Myers-Drug
(PHILADELPHIA) Combination Drug Helps Maintain Long-Term Blood Sugar
Control

SFTU017 06/26/2001 08:05 r f bc-WA-Voyager-Capital
(SEATTLE) Curtis Feeny of Voyager Capital Appointed to Trammell
Crow Company's Board of Directors

SFTU018 06/26/2001 08:05 r v bc-CA-Dorado-Software
Dynamic Network Infrastructure Software Delivers Personalized Network Services

SFTU056 06/26/2001 08:05 r v bc-CA-Mercury-Interactive
(WATERTOWN) Mercury Interactive Security Testing Press
Conference Call and PlaceWare Presentation

DATU019 06/26/2001 08:06 r f bc-OK-Pre-Paid-Legal
(ADA) Pre-Paid Legal Services to Present at William Blair Investment Conference

LATU015 06/26/2001 08:06 r f bc-CT-FUJIFILM-agree-ARA
(STAMFORD) Multi-Facility Providers Moving Toward Web-Based PACS

LATU039 06/26/2001 08:06 r f bc-CA-Akonix-Increase
(SAN DIEGO) Akonix Increases Sales, Loyalty and Customer Satisfaction
With
First Comprehensive Enterprise E-Business Communications

NYTU046 06/26/2001 08:06 r f bc-NY-deltathree-IP
(NEW YORK) deltathree Bolsters Its Global IP Network With
New Carrier Deals In Europe

NYTU051 06/26/2001 08:06 r f bc-NY-Hotelevision-contr
(NEW YORK) Hotelevision Signs Deal With EchoStar's DISH Network

SFTU027 06/26/2001 08:06 r f bc-CA-Canesta-financing
(SANTA CLARA) Canesta Receives \$17M in Second Round Financing

SFTU036 06/26/2001 08:06 r f bc-CA-CapitalStream
(WALNUT CREEK) Ivory Consulting Corporation and CapitalStream
Announce Strategic Partnership

SFTU045 06/26/2001 08:06 r f bc-CA-DemandTec-product
(SAN FRANCISCO) DemandTec Launches New Product in Breakthrough
Retail Marketing Management Suite

SFTU050 06/26/2001 08:06 r f bc-CA-Reflect-Skincare
(SAN FRANCISCO) Beauty Company Reflect.com Launches New Skincare
Packaging

SFTU054 06/26/2001 08:06 r f bc-CA-Kabira-Ecosystem
(SAN DIEGO) Kabira Announces Ecosystem Program for
Telecommunication Service Providers

SFTU057 06/26/2001 08:06 r f bc-CA-Speedera-Amazon
(SANTA CLARA) Amazon.com Streams Digital Content Using Speedera
Networks

HSTU010 06/26/2001 08:07 r f bc-NY-Franklin-eBookMan
(NEW YORK) Franklin Electronic Publishers and Reciprocal Inc.

Integrate Technologies to Expand Digital Content for eBookMan(R)

HSTU027 06/26/2001 08:07 r f bc-AZ-Hosp-Solu-Griffin
(SCOTTSDALE) Hospitality Solutions International Introduces
Griffin ASP Property Management System

HSTU028 06/26/2001 08:07 r f bc-AZ-Hosp-Solut-POS-sys
(SCOTTSDALE) Hospitality Solutions International Implements
Wireless POS Capabilities

HSTU030 06/26/2001 08:07 r f bc-Eurand-CRS-winners

(MILAN) Eurand Award Winners to Be Announced at 28th Annual CRS Symposium

LATU025 06/26/2001 08:07 r f bc-CO-Distinctive-Tech
(BROOMFIELD) Distinctive Technologies Launches PC Pinpoint - First Web-Based, Automated Diagnosis & Repair Tool for PC Users

LATU026 06/26/2001 08:07 r f bc-CO-CoCreate-FCI-
(FORT COLLINS) FCI to Use CoCreate OneSpace(TM) to Connect Engineering Operations Worldwide

LATU042 06/26/2001 08:07 r f bc-MO-MTP-Agreement
(BUTTE) Montana Power Reaches Agreement Ending Industrial Energy Supply Contract

SFTU026 06/26/2001 08:07 r f bc-CA-Biolog-Genome
(HAYWARD) Biolog Reports New High-Throughput Cell Analysis Tool for Gene Function Testing in Genome Research

SFTU040 06/26/2001 08:07 r f bc-CA-Zaplet-VERITAS
(REDWOOD SHORES) Zaplet Appoints VERITAS Chairman Mark Leslie to Its Board of Directors

SFTU080 06/26/2001 08:07 r f bc-CA-iSpheres-execs
(BUTTE) iSpheres Executives Take the Stage at Prestigious Technologic Partners' Enterprise Outlook Conference

HSTU011 06/26/2001 08:08 r f bc-NY-Franklin-AlexLit
(NEW YORK) 'Showtime' for AlexLit eBook Author and Franklin eBookMan
HSTU012 06/26/2001 08:08 r f bc-NY-Franklin-StMartins
(NEW YORK) Franklin Electronic Publishers and St. Martin's Press Prepare for a New Wave of Content Availability for eBookMan(R)

CGTU022 06/26/2001 08:10 r f bc-PA-Dental-Dilemma
(BADEN) Dental Dilemma Day

ATTU006 06/26/2001 08:12 r f bc-GA-Mirant-ern-guidnce
(ATLANTA) Mirant Reaffirms Earnings Guidance

CGTU023 06/26/2001 08:15 r f bc-FL-DDH-Data-PC-Expo
(LAKE WORTH) DDH Software Unveils HandBase Data Exchange at PC Expo

SFTU078 06/26/2001 08:15 r f bc-CA-Interwoven-Teams
Epicentric and Interwoven Team to Provide Content Infrastructure Integration With Next Generation Portals

SFTU079 06/26/2001 08:16 r f bc-CA-Interwoven-Plum
(SAN FRANCISCO) Plumtree and Interwoven Deliver Seamless Integration Between Plumtree Corporate Portal and Interwoven Content Infrastructure

HSTU034 06/26/2001 08:17 r i bc-Nobuhira-appeal-case
(TOKYO) Nobuhira's Final Appeal Dismissed: Case Closed

NETU022 06/26/2001 08:19 r f bc-MA-ADI-unveils
(NORWOOD) Analog Devices Unveils New Data Converters With Unmatched Speed, Low-Power For Advanced Digital Communication Applications

NYTU050 06/26/2001 08:22 r f bc-PA-Strategic-Chem
(PHILADELPHIA) Outsourcing Discovery Chemistry Conference & Exposition to be Held September 24-25 in Philadelphia

SFTU081 06/26/2001 08:22 r f bc-CA-Brocade-provider
(SAN JOSE) Brocade Launches Professional Services Provider Program

NYTU061 06/26/2001 08:23 r f bc-NJ-RDWR-Secure-Sftwre
(MAHWAH) Radware Chosen to Optimize and Secure Stardata Technologies' Student Information Software

TO266 06/26/2001 08:25 r f bc-Aber-project-update
(TORONTO) Aber Diamond Corporation - First quarter project update

HSTU031 06/26/2001 08:28 r f bc-CO-Nathaniel-tirefuel
(CASTLE ROCK) Nathaniel Energy Corporation to Provide Tire Derived Fuel to M.A. Associates

DETU003 06/26/2001 08:29 r f bc-MI-Prowler-5th-anniv.
(AUBURN HILLS) Chrysler Marks Fifth Anniversary of Prowler

FLTU011 06/26/2001 08:29 r f bc-FL-Iberia-Airlines
(MIAMI) Iberia Airlines of Spain Launches New U.S. Travel Site

DCTU002 06/26/2001 08:30 r f bc-MA-TeleGea-Portl-STW
(WALTHAM) TeleGea Joins Forces with Portal Software to Integrate E-Commerce and Billing Solutions

NETU009 06/26/2001 08:30 r f bc-MN-SPS-Commerce-CON
(WALTHAM) Fred's Inc. Chooses SPS Commerce to Enable Electronic Connectivity Throughout Its Supply Chain

NETU017 06/26/2001 08:30 r f bc-MA-AP-Engines-MPLS
(PALO ALTO) Integral Access and AP Engines Deliver First Billing Solution
that Enables Carriers to Collect Revenue for Differentiated IP Services

NYTU032 06/26/2001 08:30 r f bc-CA-Gyricon-S.A.M.
(PALO ALTO) Gyricon Media, Inc. Answers Market Demand for Remote Controlled Dynamic Signage With S.A.M. - The Shopper's Answer Machine

NYTU045 06/26/2001 08:30 r f bc-KS-TMNG-ADC-relation
(OVERLAND PARK) TMNG Announces Expanded Relationship With ADC

CHTU011 06/26/2001 08:31 r f bc-NC-Embrex-Licensing
(RESEARCH TRIANGLE PARK) Embrex Announces Licensing Agreement With Pfizer for In Ovo Coccidiosis Poultry Vaccine

DATU002 06/26/2001 08:31 r f bc-TX-CA-Liaison-Tech
(SAN DIEGO) Liaison Presents at Technologic Partners' Enterprise Outlook

DATU013 06/26/2001 08:31 r f bc-TX-WorkPlaceUSA-pdct
(DALLAS) WorkPlaceUSA Launches LeasePilot(SM)

DCTU008 06/26/2001 08:31 r f bc-VA-webMethods-address
(FAIRFAX) Phillip Merrick, webMethods CEO, to Deliver Keynote Address During Annual Enterprise Outlook Conference

FLTU003 06/26/2001 08:31 r f bc-FL-Asconi-merge
(ORLANDO) Asconi Acquires Second Large Wine Factory

HSTU019 06/26/2001 08:31 r f bc-GA-SpectRx-\$12M-plac
(NORCROSS) SpectRx, Inc. Completes \$12 Million Private Placement

NETU014 06/26/2001 08:31 r f bc-NJ-Blueflame-system
(HACKENSACK) The F.A. Bartlett Tree Expert Company Calls Upon
Blueflame to Develop Sales Automation System

NETU021 06/26/2001 08:31 r f bc-CA-Applied-Molecular
(SAN DIEGO) Applied Molecular Evolution Files Patent
Infringement Suit Against MorphoSys

NYTU022 06/26/2001 08:31 r f bc-Immunomedics-results
(TORONTO) Clinical Results With Immunomedics' Infectious Disease
Imaging Product Reported at Major Medical Conference

NYTU027 06/26/2001 08:31 r f bc-NY-SRI-branding-conf
(NEW YORK) Preliminary List of Attendees Announced for
Leading Branding Conference

SFTU077 06/26/2001 08:31 r f bc-CA-Blue-Martini-Sun
(SAN MATEO) Leading Multi-Channel Retailers Deploy Blue Martini
eCRM Applications Built On Sun Platform

DATU017 06/26/2001 08:32 r f bc-TX-THA-prompt-pay
(AUSTIN) Hospitals Pleased With Tough Stance on 'Prompt Pay'

DCTU012 06/26/2001 08:32 r f bc-MD-CODEON-modulator
(COLUMBIA) CODEON Introduces 12.5 Gb/s Optical Modulator
for Fiber Optic Networks

HSTU020 06/26/2001 08:32 r f bc-VA-LabBook-Bioinformatics
European Bioinformatics Institute Supports LabBook's BSML Format

HSTU021 06/26/2001 08:32 r f bc-VA-LabBook-GenomicXML
(EMBL) LabBook's Enhanced Genomic XML Viewer Unifies Access to Public
Databases

NYTU048 06/26/2001 08:33 r f bc-NJ-Strategic-Drug
(PRINCETON) Drug Delivery Technologies Exposition to Feature Top
Companies from July 25-27 in Princeton, NJ

NETU015 06/26/2001 08:34 r f bc-MA-Pegasystems-CRM
(CAMBRIDGE) American National Insurance Company Expands CRM
Capabilities to the Web With Pegasystems

LATU064 06/26/2001 08:37 r f bc-AZ-PhelpsDodge-Copper
(PHOENIX) Phelps Dodge Updates Copper Price Outlook

NYTU063 06/26/2001 08:37 r f bc-NY-Amex-80th-annivers
(NEW YORK) The American Stock Exchange Celebrates 80th
Anniversary Mayor Giuliani to Ring Opening Bell

DCTU017 06/26/2001 08:40 r f bc-VA-MicroStrategy-Server
(MCLEAN) Patterson Dental Company Empowers its Sales Force With
MicroStrategy Narrowcast Server 7.1

TO264 06/26/2001 08:40 r f bc-Bridgewater-Basis100
Bridgewater Financial Services Ltd. Goes Live with Basis100's
New Mortgage Platform, BasisXpress

CLTU008 06/26/2001 08:41 r f bc-OH-Midland-Amica
(CINCINNATI) Midland Subsidiary and Amica Mutual form Strategic
Alliance

PHTU013 06/26/2001 08:42 r f bc-PA-SCT-Seattle-Pub

(MALVERN) City of Seattle Public Utilities and Seattle City Light
Go Live with SCT's Customer Management Solution

NYTU030 06/26/2001 08:43 r f bc-CT-RC-Knox-eFraud
(BRIDGEPORT) RC Knox & Company, Retail Decisions, Creative Risk
Management Solutions Form eFraud Alliance

ATTU007 06/26/2001 08:44 r f bc-GA-Home-Depot-survey
(ATLANTA) Windfall From President Bush's Tax Cut Plan Means
More Home Improvement

LATU036 06/26/2001 08:45 r f bc-CA-SANavigator-3.0
(SAN JOSE) SANavigator Announces Beta Version of SANavigator 3.0

NYTU024 06/26/2001 08:45 r f bc-NY-CA-Transforms
(ISLANDIA) Computer Associates Transforms Management of Manufacturing
and Industrial Production with Unicenter Industrial Process Manager

PHTU005 06/26/2001 08:45 r v bc-PA-PDP-awarded
(ISLANDIA) Mayor Street to Award \$50,000 to Support Unique Peer
Group Lending Program For Low-Income Microentrepreneurs

SFTU009 06/26/2001 08:45 r f bc-CA-CoSine-riodata
(REDWOOD CITY) riodata Purchases CoSine Communications' IP Service
Delivery Platform to Provide Value-Added Security Services

VA244 06/26/2001 08:45 r f bc-Voice-Mobility-in-US
(VANCOUVER) Voice Mobility's unified communications solution
now available across the U.S.

ATTU008 06/26/2001 08:46 r f bc-GA-Incanta-new-CEO
(ATLANTA) Incanta Announces Appointment of Broadband Industry
Veteran Maggie Bellville as President and CEO

FLTU008 06/26/2001 08:46 r f bc-FL-eMerge-hires-CFO
(SEBASTIAN) Emerge Interactive Names Reid Johnson Chief Financial
Officer

HSTU023 06/26/2001 08:49 r f bc-KS-EPIQ-Sys-offer
(KANSAS CITY) EPIQ Systems, Inc. Prices Follow-On Offering

SFTU041 06/26/2001 08:50 r f bc-CA-infolio-Partners
(SAN JOSE) infolio Announces Partnership With myCasio

CGTU031 06/26/2001 08:53 r f bc-IL-CDW-files-offering
(VERNON HILLS) CDW Computer Centers, Inc. Files for Public
Offering on Behalf Of Three Shareholders

NYTU049 06/26/2001 08:54 r f bc-CA-NuGEN-DNA-patent
(SAN CARLOS) NuGEN Technologies Receives Key Patent Covering
Important DNA Analysis Technology

NYTU060 06/26/2001 08:54 r f bc-NY-CA-Survey-Mislead
(ISLANDIA) Computer Associates Challenges Findings of Survey
Commissioned By Ranger Governance

LATU050 06/26/2001 08:55 r f bc-CA-CKR-Q1-Fiscal-Earn
(ANAHEIM) CKE Restaurants, Inc. Announces Loss of \$37.1
Million for First Quarter

SFTU015 06/26/2001 08:55 r f bc-WA-Laptop-Lane-Ltd
 (BELLEVUE) Laptop Lane Ltd. Expands Its Retail Offerings
 With Best of Breed Products

SFTU084 06/26/2001 08:56 r f bc-CA-Lightspeed-Sales
 (PLEASANTON) Lightspeed Introduces New XML-Based Sales Effectiveness
 Solution

LATU065 06/26/2001 08:57 r f bc-CA-WFI-Board-Members
 (SAN DIEGO) Wireless Facilities Names New Board Members

DETU008 06/26/2001 08:58 r s bc-IN-hydroplane-racing
 (EVANSVILLE) Budweiser Unlimited Hydroplane Series Presented by
 Laughlin Begins With Southern Indiana Swing

NETU026 06/26/2001 08:58 r f bc-CT-Conn-Bancshare
 (MANCHESTER) Connecticut Bancshares, Inc. Declares Quarterly Cash
 Dividend

NYTU017 06/26/2001 08:58 r f bc-MA-CIRCOR-Announces
 (BURLINGTON) CIRCOR Announces Two Acquisitions for Its
 Instrumentation And Thermal Fluid Controls Segment

ATTU009 06/26/2001 08:59 r f bc-GA-Logility-CPFR-slt
 (ATLANTA) Logility Delivers the Industry's First Multi-tiered CPFR
 Solution

DETU005 06/26/2001 08:59 r f bc-MI-Comshare-IRS-web
 (ANN ARBOR) Internal Revenue Service Invests In Comshare Software
 For Mission Critical 'Balanced Measures' System

FLTU006 06/26/2001 08:59 r f bc-FL-BCBS-online-insur
 (JACKSONVILLE) Blue Cross and Blue Shield of Florida to Sell
 Health Insurance Online

NYTU064 06/26/2001 08:59 r f bc-NY-Computer-Assciates
 (ISLANDIA) Computer Associates Names Two New Directors

CGTU020 06/26/2001 09:00 r f bc-IL-VASCO-Names-Exec
 (OAKBROOK TERRACE) VASCO Names Investor Relations Executive to Further
 Increase the Quality And Frequency of Investor Communications in the US

CLTU006 06/26/2001 09:00 r f bc-OH-Advant-e-orders
 (DAYTON) Advant-e Announces Over \$500 Million Worth of Purchase
 Orders Processed via GroceryEC.com

LATU024 06/26/2001 09:00 r f bc-CA-Epicor-Microsoft
 (IRVINE) Microsoft Recognizes Epicor as 'ERP Solution of the
 Year' Certified Partner Award Finalist

SFTU003 06/26/2001 09:00 r f bc-CA-WRQ-verastream
 (SEATTLE) Twelve New Partners Worldwide Join WRQ Verastream Partner
 Program

SFTU051 06/26/2001 09:00 r f bc-WA-Microsoft-Finance
 (REDMOND) Microsoft Debuts Personal Finance Web Powerhouse That
 Combines CNBC.com And MSN MoneyCentral

LATU044 06/26/2001 09:01 r f bc-CA-AASI-Michael-Niu
 (LONG BEACH) AASI Aircraft Appoints Michael C. Y. Niu as Senior
 Specialist

LATU056 06/26/2001 09:01 r f bc-IL-PrimeCo-Acquired
 (CHICAGO) PrimeCo Chicago Wireless Provider to Be Acquired by

Leading Communications Investors

NETU008 06/26/2001 09:01 r f bc-MA-McGraw-Hill-course
(LEXINGTON) IntraLearn to Distribute McGraw-Hill Lifetime Learning
Courses

NETU010 06/26/2001 09:01 r f bc-MA-CardioTech-Int'l
(WOBURN) CardioTech International, Inc. Announces Record
Operating Results in Form 10KSB Filing

NETU012 06/26/2001 09:01 r f bc-MA-TAXWARE-success
(SALEM) New Products Leading TAXWARE International to Most
Successful Year in Company History

NETU016 06/26/2001 09:01 r v bc-DC-Orbital-Portal
(WOBURN) Orbital Software to Speak on Expert-Based Knowledge
Management, Skills Mining at Portal World Conference

SFTU037 06/26/2001 09:01 r f bc-CA-Microsoft-awards
(REDMOND) Microsoft Announces Certified Partner Award Finalists

SFTU067 06/26/2001 09:01 r f bc-CA-Sun-PeopleSoft
(PALO ALTO) Sun's Midframe Server Sets New World Record for
PeopleSoft 8 General Ledger Benchmark

CGTU013 06/26/2001 09:02 r v bc-IL-Deloitte-new-book
(MCLEAN) Hospital Staff Shortages Spread Beyond Nurses, According to
New Book Released By Deloitte & Touche and VHA Inc..

CHTU007 06/26/2001 09:02 r f bc-NC-YOUcentric-Seagate
(CHARLOTTE) Seagate Gains Real-Time Data Access With YOUcentric, Inc.

CHTU010 06/26/2001 09:02 r f bc-VA-NC-KPMG-channel
(MCLEAN) KPMG Consulting Launches e-Government Knowledge Channel

CLTU001 06/26/2001 09:02 r f bc-KY-Nat'l-Processing
(LOUISVILLE) Accor Signs Agreement with National Processing Company

DATU011 06/26/2001 09:02 r f bc-NY-7-Eleven-underage
(MELVILLE) 7-Eleven(R) Steps Up Campaign Against Underage Sales

LATU037 06/26/2001 09:02 r f bc-AZ-KnowledgNet.com
(PHOENIX) Conference Attendees Rank KnowledgeNet Tops In Industry's
First Informal 'Shootout' of E-Learning Vendors

LATU045 06/26/2001 09:02 r f bc-NV-Station-Casinos
(LAS VEGAS) Station Casinos, Inc. Announces Closing of Consent
Solicitation

MNTU001 06/26/2001 09:02 r a bc-MN-Multi-Tech-Settles
(MINNEAPOLIS) Multi-Tech Systems Announces VPN Gateway With Firewall
and
Router Features

NYTU026 06/26/2001 09:02 r f bc-NY-Starwood-Internet
(WHITE PLAINS) Starwood's Galaxy Hotel Systems Division to
Provide Open XML Links to Web Booking Engines

NYTU028 06/26/2001 09:02 r f bc-MD-CompuDyne-ranked
(HANOVER) CompuDyne Ranked #10 on Fortune Small Business Magazine
List Of America's 100 Fastest-Growing Small Companies

NYTU037 06/26/2001 09:02 r f bc-MO-Tripos-ADME-prop
Tripos Offers VolSurf(TM) for the Prediction of ADME
Properties of Potential New Drugs

SFTU007 06/26/2001 09:02 r f bc-CA-Qualys-Merc-Intera
(SUNNYVALE) Qualys Selected to Power Mercury Interactive's
Online Network Vulnerability Scans

SFTU011 06/26/2001 09:02 r f bc-WA-Aventail-Adds-VP
(SEATTLE) Aventail Strengthens Management Team With the
Addition of Todd Haugen As Vice President

FLTU008 06/26/2001 09:03 r f bc-FL-eMerge-hires-CFO
(SEBASTIAN) eMerge Interactive Names Reid Johnson Chief Financial
Officer

HSTU022 06/26/2001 09:03 r f bc-IL-Apropos-Juniper
(OAKBROOK TERRACE) Apropos Supports Juniper Networks
Technical Assistance Centers

LATU022 06/26/2001 09:03 r f bc-UT-Verizon-RetailExpn
(SALT LAKE CITY) Verizon Wireless Continues Aggressive
Expansion Of New Retail Locations in Utah

LATU029 06/26/2001 09:03 r e bc-CA-Crystal-Cruises
(LOS ANGELES) Complimentary Beijing Hotel Package Highlights
Crystal Cruises' Return To the Orient in 2002

LATU054 06/26/2001 09:03 r e bc-CA-Willow-DVD-Release
(CENTURY CITY) Ron Howard's Epic Fantasy Adventure Bows on
DVD November 27, 2001

LATU059 06/26/2001 09:03 r f bc-CA-GLCP-MAXcash
(CARLSBAD) Greenland Corporation Selects California Chassis As
Exclusive MAXcash ABM Manufacturer

LATU062 06/26/2001 09:03 r f bc-CA-CGPN-Plans-Sell
(SAN BERNARDINO) The Cyber Group Plans to Sell E-Snitch Licensing &
Marketing Rights And Appoints Chief Director of Research & Development

NYTU052 06/26/2001 09:03 r f bc-NY-MarketBoy-Launch
(NEW YORK) MarketBoy, Inc., Launches marketboy.com, the First
e-Commerce
Platform Allowing Consumers and Merchants the Ability to Compare, Buy

PHTU018 06/26/2001 09:03 r f bc-PA-Rohm-Haas-expand
(PHILADELPHIA) Rohm and Haas Company's Consumer and Industrial
Specialties
Business to Expand Biocides Portfolio and Manufacturing Capability

SFTU083 06/26/2001 09:03 r f bc-IL-Classroom-Connect
(CHICAGO) Classroom Connect Demonstrates Handheld Assessment
Application for Teachers At Annual Educational Technology Conference

DCTU018 06/26/2001 09:04 r f bc-VA-StockPricePredictr
(ARLINGTON) StockPricePredictor, LLC Reports First Litigation Use of an
Automated Patent Valuation

LATU021 06/26/2001 09:04 r f bc-CO-SpectraLink-New-VP
(BOULDER) SpectraLink Appoints New Vice-President of European
Operations And Expands European Presence

NYTU044 06/26/2001 09:04 r f bc-PA-CADRE-Diabetes
(PHILADELPHIA) Survey Demonstrates Need to Re-Evaluate Diabetes
Treatment Algorithm and Glycemic Goals

NYTU065 06/26/2001 09:04 r f bc-Novozymes-green-award
(COPENHAGEN) Novozymes A/S Receives Presidential Green
Chemistry Challenge Award 2001

PHTU014 06/26/2001 09:04 r f bc-DE-Schiffrin-Audible
(BALA CYNWYD) Shareholder Class Action Filed Against Audible, Inc.

by the Law Firm Of Schiffrin & Barroway, LLP

SFTU096 06/26/2001 09:04 r f bc-CA-SeeCommerce-elects
(PALO ALTO) SeeCommerce Taps Sun Microsystems' President,
Edward Zander, For Board of Directors

NYTU025 06/26/2001 09:05 r f bc-NY-CA-Launches
(ISLANDIA) CA's interBiz Banking Group Launches InfoReporter

PHTU007 06/26/2001 09:05 r v bc-PA-CHOP-project
(ISLANDIA) The Children's Hospital of Philadelphia to Hold
Groundbreaking
Ceremony for First Two Phases of \$650-Million Expansion Project

FLTU011 06/26/2001 09:06 r f bc-FL-Iberia-Airlines
(MIAMI) Iberia Airlines of Spain Launches New U.S. Travel Site

CGTU017 06/26/2001 09:07 r f bc-MO-ESSI-Refrigeration
Engineered Support Delivers First Self-Contained Refrigeration
System For U.S. Navy Submarines

OT050 06/26/2001 09:09 r f bc-New-Hospitality-Indus
Mitel Networks Innovation Delivers New Hospitality Industry
Revenue Opportunities and Increased Cost Reduction

LATU006 06/26/2001 09:10 r e bc-CA-New-Boz-Scaggs
(LOS ANGELES) DIG: New Boz Scaggs Set on Virgin Records To Be
Released Worldwide, September 11, 2001

LNTU006 06/26/2001 09:10 r f bc-Sea-Containers-claims
(HAMILTON) Sea Containers Corrects Press Reports of Claims
Against the Failed Independent Insurance Company

NYTU067 06/26/2001 09:12 r l bc-NJ-Toys-R-Us-camp
(PARAMUS) Summer Campers Head To Toys 'R' Us; Activities Held
Every Day From Noon to 2 p.m.

CGTU015 06/26/2001 09:15 r f bc-IL-R.R.-Donnelley
(CHICAGO) R.R. Donnelley to Close Old Saybrook Printing Plant

CHTU012 06/26/2001 09:15 r f bc-NC-Lowes-Award
(WILKESBORO) Lowe's Companies, Inc. Awarded Best in Corporate Systems
At Third Annual Retail Systems 2001 Achievement Awards

LATU063 06/26/2001 09:15 r f bc-CA-Chancellor-Group
(LOS ANGELES) Energy Company Chancellor Group Inc. Announces Additional
Crude Shipments and Expansion of Kansas Oil and Gas Facilities

MNTU003 06/26/2001 09:15 r f bc-MN-BioconX-New-Sales
(MINNEAPOLIS) BioconX, Inc. Secures New Sales Professionals
PHTU020 06/26/2001 09:15 r f bc-PA-Air-Prod-NF3-Trans

(LEHIGH VALLEY) Air Products' Global Network of NF3 Transfills
Providing
Reliable Local Supply To Semiconductor Manufacturing Customers

SFTU029 06/26/2001 09:15 r f bc-CA-VaxGen-vaccine
(BRISBANE) VaxGen's AIDS Vaccine for Developing World Shows Unexpected
Activity

SFTU052 06/26/2001 09:15 r f bc-CA-ipVerse-Klein-role
(SAN JOSE) ipVerse President and CEO Expands Leadership Role

CGTU032 06/26/2001 09:20 r n bc-IL-EPA-Cleveland-air
(CHICAGO) EPA Will Host First Community Meeting of Cleveland Air Toxics
Project

CGTU033 06/26/2001 09:21 r f bc-IL-Aftermarket-Tech
(WESTMONT) Engine Business Turnaround Successful-Business
Profitability Achieved And Strategic Value Enhanced

MO053 06/26/2001 09:22 r a bc-a-GOTOSoftwa-BridgeII
(MONTREAL) GOTO Software launches its new gaming division with Bridge

II

PHTU021 06/26/2001 09:22 r f bc-MD-Sinclair-VP-Sales
(BALTIMORE) Sinclair Names Gregg Siegel Vice President, National Sales

FLTU013 06/26/2001 09:24 r f bc-FL-Tax-Technologies
(HAWORTH) Tax Technologies CEO to Speak at Three International Tax
Conferences Presented By the Council for International Tax Education

CLTU010 06/26/2001 09:29 r f bc-OH-Coachmen-honored
(ELKHART) Coachmen Honored By Ford For Sales Performance

NETU011 06/26/2001 09:29 r f bc-MA-LinuxWrks-Netplane
(DEDHAM) LinuxWorks and Netplane Integrate Software for Rapid
Development of Networking Equipment

NETU019 06/26/2001 09:29 r f bc-PA-Breakaway-Solut.

(CONSHOHOCKEN) Breakaway Solutions Strengthens Mobile Business Practice

CGTU026 06/26/2001 09:30 r f bc-IL-Morningstar
(CHICAGO) Morningstar Previews Adv Investment Conference
DATU021 06/26/2001 09:30 r f bc-TX-Cal-Dive-Q4000
(HOUSTON) Cal Dive Announces Enhancements to Q4000

SFTU093 06/26/2001 09:30 r f bc-CA-BluePumpkin-Siebel
(SUNNYVALE) Blue Pumpkin Software Receives Siebel Validation

CGTU034 06/26/2001 09:31 r f bc-IL-William-Blair-Conf
(CHICAGO) William Blair & Company Hosts 21st Annual Growth Stock
Conference

LATU066 06/26/2001 09:31 r f bc-CA-SNTKY-Milestone
(NAPA) Senetek PLC Achieves Financial Milestone, Extends
Long-Term Debt Maturity Date

SFTU094 06/26/2001 09:31 r f bc-CO-On-Command-revised
(DENVER) On Command Revises 2001 Guidance

NETU029 06/26/2001 09:33 r f bc-MA-Symbolion-trials

(FRAMINGHAM) Symbolion to Enter Pivotal Phase III Trials For IoGen

PHTU019 06/26/2001 09:33 r f bc-FL-Checkers-event
(TAMPA) 'Ain't No Stoppin' Checkers Drive-In Restaurants, Inc.
After Successful 2001 National Franchise Convention

NETU028 06/26/2001 09:34 r f bc-MA-ProfitLogic
(CAMBRIDGE) Casual Male Selects ProfitLogic's **Pricing4Profit** (TM)

NETU031 06/26/2001 09:34 r f bc-CA-SuperGen-results
(DUBLIN) Positive Preclinical Results of SuperGen's New Compound for
Diabetes Is Featured Article in Diabetes Technology and Therapeutics

ATTU010 06/26/2001 09:35 r f bc-GA-iXL-&-eastman.com
(ATLANTA) iXL Delivers Enhancements to eastman.com; Improves
Access to Customer Center and E-Business Services

DATU022 06/26/2001 09:37 r f bc-WA-PAR3-new-executive
(SEATTLE) PAR3 Communications Hires Former Lucent Executive to
Expand Focus in Vertical Markets

HSTU014 06/26/2001 09:38 r f bc-MN-Gearworks-ettrace2
(MINNEAPOLIS) Gearworks Releases ettrace 2.0
Industries

TO267 06/26/2001 09:39 r f bc-iLoveTV-Board-Advisor
(TORONTO) Don Barnes, Managing Director of OgilvyInteractive
worldwide, joins I Love TV(TM) Board of Advisors

NYSP002 06/26/2001 09:41 r f bc-NY-S&P-Global-Credit
(NEW YORK) S&P Previews 2Q Global Credit Market Trends Report

NYTU066 06/26/2001 09:42 r f bc-NY-Brokerage-Fr-Rsrch
(NEW YORK) Brokerage Firms Not Moving Fast Enough To Address
Concerns Over Biased Research

LATU067 06/26/2001 09:44 r f bc-CA-eSynergies-Agreemt
(NEWPORT BEACH) eSynergies and Mutualink Sign Exclusive
Distribution Agreement For Asia/Pacific

CGTU016 06/26/2001 09:45 r f bc-PA-R.R.-Donnelley
(LANCASTER) R.R. Donnelley To Expand Lancaster Complex

CLTU009 06/26/2001 09:45 r f bc-OH-NCR-Corporation
(DAYTON) NCR Joins Cisco Internet Mobile Office Initiative to Deliver
Broadband Internet Access to Mobile Business Professionals

CHTU014 06/26/2001 09:46 r f bc-KY-ThermoView-Windows
(LOUISVILLE) ThermoView Industries to Offer SPD 'Smart' Windows

DCTU021 06/26/2001 09:46 r f bc-DC-Mercari-Intel-Sys
(WASHINGTON) Mercari Targeting Consumer Package Goods Industry with
Intel-based Systems

NETU033 06/26/2001 09:46 r f bc-MA-IDC-IT-training
(FRAMINGHAM) Top 15 IT Education and Training Vendors Outgrow Rest of
Market but Leave Plenty of Opportunity for Others, IDC Says

HSTU033 06/26/2001 09:47 r f bc-OH-Kroger-erns-up-19%
(CINCINNATI) Kroger Reports 19% Increase in Earnings Per Share, Before
Merger Costs and One-Time Expenses, for First Quarter

MNTU006 06/26/2001 09:47 r f bc-MN-Optical-Solutions
(MINNEAPOLIS) Rye Telephone Company to Install New FiberPath(R) 400
System
in Colorado

FLM019 06/26/2001 09:51 r f bc-FL-Burger-King-poll
(MIAMI) Burger King Corporation Announces Results of Burger-Eater
Opinion
Poll

FLTU015 06/26/2001 09:54 r f bc-VA-OnSpan-Networking
(HERNDON) OnSpan Subsidiary Now Sun Microsystems Authorized

DATU024 06/26/2001 09:55 r f bc-TX-Motive-EarthLink
(AUSTIN) EarthLink Selects Motive Communications' Intelligent Service
Software

DATU023 06/26/2001 09:56 r f bc-NY-TurboChef-Starwood
(NEW YORK) TurboChef in Starwood Hotels & Resorts

DETU010 06/26/2001 09:56 r n bc-MI-VA-Park-West-art
(SOUTHFIELD) Over 550 Original Works of Fine Art Offered to the Public
At Park West Gallery Auction in Falls Church, Virginia

LATU013 06/26/2001 09:56 r f bc-CO-Benchmark-ValuSmrt
(BOULDER) Benchmark Adds ValuSmart Tape 80 to IBM eServer Systems; IBM
Joins Benchmark's Distinguished List of System OEM Partners

NETU034 06/26/2001 09:56 r f bc-MA-RSA-Security
(BEDFORD) RSA Security Launches High-Performance, Wireless Security
Software Designed for Seamless Integration with the Internet

PHTU022 06/26/2001 09:57 r n bc-NJ-Sandcastle-Contest
(BELMAR) It's Here! 15th Annual New Jersey Sandcastle Contest
Anticipates Record Turnout on July 11 at Belmar's 18th Avenue Beach

DCTU022 06/26/2001 09:59 r i bc-DC-Special-Olympics
(WASHINGTON) Arnold Schwarzenegger Will Lead Special Olympics
Initiative To Reach Out to 6 Million Potential Athletes

DETU004 06/26/2001 09:59 r v bc-MI-Ford-conf-call
(DEARBORN) Ford Motor Company -- June U.S. Sales Results Conference
Call

NYTU073 06/26/2001 09:59 r f bc-NY-Direct-Marketing
(NEW YORK) The DMA Urges Extension Of Internet Tax Moratorium While
Talks Continue On Substantially Simplifying 7,600 Sales Tax Codes

CGTU004 06/26/2001 10:00 r a bc-DC-Emergency-food
(WASHINGTON) National Survey Shows Emergency Food Providers
Experience Lowest Donation Levels During Summer Months
CGTU006 06/26/2001 10:00 r f bc-CA-Motorola-Contract
(ARLINGTON HEIGHTS) Motorola Signs Additional GSM Contracts
with China Mobile Worth \$34.4 Million

CLTU002 06/26/2001 10:00 r f bc-OH-BIOMEC-srgical-arm
(CLEVELAND) BIOMEC(R) S.A.M.(TM) Surgical Arm Features 'One-touch'
Movement

DCTU005 06/26/2001 10:00 r w bc-DC-NFID-Disease-Risks

(WASHINGTON) Infectious Disease Risks Mount

DCTU020 06/26/2001 10:00 r f bc-MD-Manugistic-RadioShk
(ROCKVILLE) Manugistics Adds RadioShack Corporation To Its
List of Retail Solution Clients

HSTU005 06/26/2001 10:00 r f bc-Palm-Pavilion-PC-Expo
(TORONTO) Wearable Palm Kit Debuts in Palm Pavilion at PC Expo

LATU018 06/26/2001 10:00 r f bc-CA-Online-Innovation
(VANCOUVER) Online Innovation, Inc. Secures \$6.0 Million of
Equity From Fusion Capital

LATU023 06/26/2001 10:00 r f bc-NY-Applied-Theory-FBI
(NEW YORK) AppliedTheory Teams With FBI to Launch Central
New York Chapter of InfraGard

SFTU097 06/26/2001 10:00 r f bc-CA-Ricoh-PC-Expo
(NEW YORK) Ricoh Silicon Valley Announces Availability of eCabinet 2100

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Event Brief of Q2 2004 Textron Inc. Earnings Conference Call - Final
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OVERVIEW

2Q04 revenues were \$2.5b, up \$17m vs. 2Q03. Excluding costs related to restructuring and other special items, 2Q04 adjusted EPS were \$0.87 vs. \$0.76 in 2Q03. TXT expects full-year EPS now to be between \$3.10-3.25, reflecting the slightly higher jet deliveries out of Cessna and improved cost performance in most of the businesses. TXT expects 3Q04 EPS to be between \$0.70-0.80. Q&A Focus: Financials & Cessna.

FINANCIAL DATA

A. Key Data From Call 1. 2Q04 revenues = \$2.5b. 2. 2Q04 GAAP EPS = \$0.71. 3. 2Q04 adjusted EPS = \$0.87. 4. 2004 expected EPS = \$3.10-3.25. 5. 3Q04 expected EPS = \$0.70-0.80. 6. 2004 expected free cash flow = \$500-550m.

PRESENTATION SUMMARY

S1. 2Q04 Summary (D.W.) 1. Highlights: 1. Revenues were \$2.5b, up \$17m vs. 2Q03. 2. TXT's reported GAAP earnings in 2Q04 were \$0.71 per share, which included \$0.17 per share in costs related to restructuring and a gain of \$0.01 from the sale of the telecommunications joint venture in Brazil. 3. Excluding costs related to restructuring and other special items, 2Q04 adjusted EPS were \$0.87 vs. \$0.76 in 2Q03.

S2. Operational Review (L.C.) 1. Operational Highlights: 1. TXT is pleased with its 2Q04 results, primarily because they reflected two very positive trends. 1. Enterprise management initiatives are gaining momentum and they're beginning to manifest themselves in a meaningful way. 1. Cost savings from enterprise management initiatives, such as integrated supply chain, TXT Six Sigma and others contributed to the sequential margin improvements at Cessna and Fastening Systems and the YoverY margin improvements at Bell and Industrial. 2. The second trend, which also gives the Co. encouragement, is that most of the end markets are showing either good growth or signs of solid to very strong recovery. 2. Cessna: 1. The most encouraging development was the surprisingly strong demand for business jets as TXT booked 72 net-new orders in 2Q04. 2. The immediate consequence of the strong orders is that the Co. now essentially sold out for 2004, and this means that TXT now expects to book sales for about 180 jets this year, which is five more than the previous guidance. 3. It's readily apparent that the general economic recovery is reinvigorating the business jet market. 4. TXT saw signs that the business jet market is continuing to improve, obviously from this strong order booking in 2Q04. 5. The level of used aircraft available for sale has returned to historical average of about 13%. 6. TXT also has used prices which seem to have stabilized and in some cases even shown slight recovery. 7. Pricing on new aircraft has improved as the Co. had a little over 2% of positive price impact on the 36 new planes it delivered during 2Q04. 3. Cessna - 2005 Outlook: 1. Due to the current order environment, TXT expecting a good growth year in 2005. 2. TXT has now booked approx. 160 orders for delivery next year. 1. The 160 order backlog for next year compares to 83 orders that TXT had on hand for '04 this time last year. 3. Given where the Co. expects order rates to be over the next several quarters, as well as the

time required to ramp up production of the new CJ-3 and Sovereign, and looking at the overall production capacity, TXT's current estimate is that it will be able to deliver about 225 Cessna jets in '05. 4. Cessna - 2004 Outlook: 1. There's relatively little market risk in '04 now. 2. There's really only one open item, which is the final certification of the CJ-3. 1. It was slowed a little bit because of engine certification issues. 3. TXT is reasonably confident that the program is still on track. 4. Initial delivery this year will be about 6 units and the Co. should deliver pretty close to 40 next year. 5. TXT was able to obtain certification for the Sovereign in 2Q04. 1. This is the market's best and most-demanded mid-size coast-to-coast business jet. 2. TXT plans to ship about 14 of these aircraft this year and then approx. 40 next year. 5. CitationShares: 1. CitationShares was able to secure Part 135 certification from the FAA and this allows TXT to launch its new 25-hour non-equity JetCard service called 'Vector.' 2. Now, obtaining Part 135 certification required CitationShares to have at least 75% US ownership. 3. So during 2Q04, TXT acquired an additional 25% interest in the CitationShares joint venture from its Swiss partner, TAG Aviation. 4. TXT is entering the JetCard business because it represents another very effective way to create new future owners of jets. 5. Industry experience indicates, by the way, that about one-third of the JetCard owners convert to fractional ownership. 6. So while the Co. is pricing the JetCard product at a level that delivers a very attractive return, TXT believes that the true long-term value of the program is in attracting new fractional owners. 6. Cessna - Achievements: 1. With the relatively low number of jets shipped during 2Q04, it should be crystal clear that achieving a margin of nearly 9% reflects very good cost performance from its Cessna team across the board. 2. TXT expects this trend to continue. 7. Bell: 1. Bell had a very good qtr. 2. Margins were up in large part due to its enterprise management and other cost reduction initiatives. 3. In addition, TXT is very encouraged by what it is seeing in the marketplace on both the military and commercial sides of the business. 4. Commercial: 1. Order intake strengthened here as well. 2. Coincidentally, TXT booked twice as many orders YTD as it did this time last year. 3. Most recently, TXT won a \$230m order from Pakistan to supply 24 new model 412 helicopter and two used 412s that the Pakistani's intend to use for trainers. 1. TXT was able to deliver seven of the new aircraft and the two trainers at the end of June. 2. TXT expects to deliver the remaining 17 new aircraft over the next three quarters. 4. TXT just opened its new Customer Center at the Fort Worth Alliance Airport. 1. This is a pretty impressive 160,000 sq. ft. facility and it will be the home of Bell's sales and marketing, pilot and maintenance training and its product support warehouse. 5. This investment, together with an array of new helicopters, performance enhancements that it is rolling out on its current product line, and permanent cost improvements in its supply chain, taken together reflect its strategic commitment to profitably grow its commercial business. 5. Military: 1. TXT continues to make very good progress on the V-22. 2. Last week, DOD conducted its most recent Defense Acquisition Board review and the result was very positive. 1. The Board found the program to be making good progress and will recommend TXT continue into (Indiscernible) next year. 2. That starts in 1Q05 and should conclude in '05. 3. With any new technology, the Board will also make a number of further recommendations for improvements in the aircraft's reliability, and maintainability and in its ability to increase production rates, another good sign. 4. Obviously, TXT will be very responsive to these issues as it has in the past and will continue to work diligently as it moves forward to full-rate production. 5. TXT believes that V-22 has a very good future; in fact, TXT believes it has significant potential beyond the current proposed 458 units. 6. Bell also advanced its after-market strategy with the acquisition of Acadian Composites. 1. While not large in size, this acquisition adds some important capabilities to its after-market strategy. 2. This provides technology for the repair of structural helicopter

composite panels. 8. Textron Systems: 1. TXT's products continue to find ever-expanding applications in today's world environment. 2. The Army ordered another 28 of its armored security vehicles (ASV) and the US Government ordered 43 on behalf of the Iraqi Ministry of the Interior, and that totaled 28 plus 43, contributed \$65m in value. 3. Looking forward, TXT believes that a significant market is developing for this vehicle, well into next year and beyond, and also for its variance. 4. Overall, TXT sees a very strong market for all its Systems products, not only this year, but well into the future. 9. Fastening Systems: 1. TXT saw good growth across most of its end markets in 2Q04 as well. 2. In fact, automotive and electronics grew mid-single digits, and then TXT saw double-digit revenue growth in its industrial, aerospace, and construction markets. 3. While TXT is anticipating some slowdown in the North American automotive market to relieve overbuilt inventories, the Co. believes that Fastening Systems will show progress on margins by the end of the year, in large part due to the impact of restructuring. 4. In fact, the consolidation of two of its European production facilities, primarily into its new facility in Wuchi, China is underway and will be mostly complete during 3Q04. 5. Looking to North America, the movement of products out of its three Midwest plants, mostly into its new facility in Greenville, Mississippi is also on track and will also largely conclude during 3Q04. 6. TXT has one more big qtr. of transition costs and inefficiencies that do not qualify as restructuring, and this along with further relief on steel pricing gives TXT confidence that margins at TFS will start to move in the right direction beginning in 4Q04. 10. Industrial: 1. TXT is seeing a repeat of what it saw in 1Q04. 1. Good growth at Kautex and its electrical and plumbing tools businesses. 2. Improving signs in its golf markets, although sales were down slightly at Jake. 2. Telecom related sales continue to be very weak and TXT is reducing its presence in that market and are also continuing its deliberate strategy of pruning (Phonetic) unprofitable business in its Fluid and Power division. 3. The improvement in margins at Industrial, while helped by overall volumes, was largely the result of its transformation initiatives. 11. TFC: 1. TFC delivered better than expected progress on the credit side. 2. TFC has begun to add assets, which grows the portfolio, and by and large had a very good qtr. 12. Summary: 1. TXT's markets are improving and the Co. is demonstrating progress on its journey of transformation to reach its vision of becoming the premiere multi-industry Co. 2. Recognizing that its markets are improving and with the progress it is making with its cost, TXT has raised its guidance for the year. 3. Obviously, TXT still have market risks to manage, things like commodity pricing pressures and the possibility of more severe sustained automotive correction. 4. It's also critical that TXT continue to improve efficiencies or relentless execution of strategy to further develop its enterprise management capabilities.

S3. Financial Review (T.F.) 1. Financial Highlights: 1. In April, TXT indicated that EPS for 2Q04 would come in between \$0.68-0.78. 2. Obviously, TXT ended up exceeding the high-end of that range and that was primarily due to three factors: 1. Delivered better than expected cost performance across most of the businesses. 2. Had better performance at Textron Financial. 3. Had better than expected volumes at Bell, including a portion of the Pakistan 412s, which at customers' request, expedited forward from 3Q04. 1. That pull-forward impact added about \$0.05 to 2Q04, but doesn't increase the expectations for the full year, it's just a timing issue on when those 412s are delivered. 2. YoverY Performance: 1. Earnings of \$0.87 were higher vs. 2Q03 by \$0.11, in spite of the fact that unfavorable volume and mix cost \$0.15 a share and virtually all of that was from lower jet deliveries at Cessna and lower V-22 revenues at Bell. 2. Inflation contributed a negative \$0.28, about 2.4%, and TXT lost \$0.01 for other miscellaneous items, including discontinued operations. 3. Cost improvements had the greatest impact on earnings during 2Q04 and contributed \$0.40. 4. TXT also generated \$0.09 from favorable pricing,

about a 0.7% price increase, and most of that was at Cessna. 5. Another \$0.06 came from improved performance at Textron Financial. 6. Negatives: 1. \$0.15 volume and mix. 2. \$0.28 inflation. 3. \$0.01 miscellaneous. 7. Positive: 1. \$0.40 from cost savings. 2. \$0.09 from pricing. 3. \$0.06 from TFC. 3. Bell: 1. Bell segment revenues were down \$29m, while profit was up \$15m. 2. US Government revenues were down due to lower revenue on the V-22 program, that's about \$54m. 3. That was partially offset by higher revenue on the H-1 upgrade program and higher sales of air-launched weapons. 4. Commercial revenues were up due to higher helicopter unit volume and higher volume in the aircraft engine business, offset by lower sales of the Huey II retrofit kits. 5. Segment profit was up in spite of lower sales, due to improved cost performance and a favorable resolution of warranty issue in the commercial business. 6. Backlog at Bell ended 2Q04 at \$2.5b, up \$1.1b from 1Q04, primarily due to new orders for the V-22, the Pakistani 412 order, and an overall improvement in the commercial order rate. 4. Cessna: 1. Revenues were down \$75m and profit was down \$22m. 2. The decline in revenues was largely the result of delivering fewer used aircraft, fewer business jets, and fewer single-engine aircraft. 3. Profits at Cessna decreased primarily due to the lower jet volume, but were helped by improved cost performance, a little bit higher pricing, and the absence of used aircraft valuation adjustments that TXT experienced last year. 4. TXT acquired an additional 25% interest in CitationShares, which requires the Co. to consolidate CitationShares results going forward. 5. Because the transaction closed on 06/30/04, that consolidation had no impact on Cessna's 2Q04 profit. 1. However, in 2H04, Cessna's reported revenues will be about \$75m higher as a result. 6. The impact of picking up the additional 25% in CitationShares operating results is not expected to have a material impact on either Cessna's or TXT's EPS. 7. Consolidation requires that TXT no longer include Citation's orders in its reported backlog. 1. Accordingly, backlog at the end of 2Q04 was \$4.8b, representing only orders from unaffiliated customers. 2. That's up from \$4.3b at the end 1Q04. 3. In addition, at the end of 2Q04, Cessna had orders from CitationShares, which totaled \$416m. 5. Fastening Systems: 1. Revenues were up \$47m and profit was up \$3m. 2. The increase in revenues was the result of foreign exchange, as well as higher volumes. 3. Profit was up due to improved cost performance, higher sales volume, and FX, but was partially offset by inflation. 4. One of the components of inflation during 2Q04 was rising steel prices. 5. In 1Q04, this cost the Co. about \$4m, the gap between increased costs and what TXT was able to recover in the marketplace. 6. While the Co. took actions to recover the higher steel cost, prices continued to move on during 2Q04, peaking on 07/01/04 at \$350 a tonne for nonferrous scrap vs. \$295 in March. 7. Even though TXT recovered \$5m through price actions during 2Q04, the Co. ended up with another net \$4m hit. 8. TXT now has yet another round of pricing negotiations underway with its customers and depending on the success of those negotiations and how soon it can complete them, TXT hopes to reduce its net exposure to steel prices during 2H04. 1. There's still risk here with respect to further increases in its cost and the success of its negotiations. 6. Industrial: 1. Industrial segment revenues increased by \$79m and profits were up \$21m. 2. The increase in revenues was primarily due to higher sales volume at Kautex, E-Z-GO and Greenlee and also driven by foreign exchange. 3. The increase in profit was largely due to improved cost performance, lower fair market value adjustments for used golf cart inventory, improved credit performance and higher pricing. 4. Profit increased despite higher warranty cost at Kautex of about \$4m, as well as operating issues the Co. continues to experience at its plant at Windsor, Ontario, that cost roughly \$9m during 2Q04. 5. TXT is disappointed with the pace of its progress in resolving this issue, and it obviously will be a significant challenge that it needs to address during the rest of the year. 7. TFC: 1. Segment revenues decreased \$5m, but profit was up \$13m. 2. The decrease in revenues was primarily due to lower average finance receivables

reflecting the liquidation of the non-core assets, which are actually well ahead of plan. 3. The increase in profit reflected a lower provision for loan losses, an improvement in net interest margin, partially offset by higher operating expenses. 4. The decrease in the provision for loan losses was driven by an improvement in portfolio performance, as well as the lower average receivable balance. 5. The stats on portfolio performance are as follows: 1. Non-performing assets came in at 2.5% vs. 2.9% at the end of 1Q04, that actually hits the year-end goal for the year and is quite a strong performance. 2. 60-day delinquencies came in at 2.3%, down from 2.4%. 3. Charge-offs on an annualized basis stood at 1.7% and that's down from 2.1% last year. 8. Operational Initiatives: 1. TXT's progress for transformation is also reflected in a significant improvement in cash flow at TXT. 2. YTD free cash flow before restructuring came in at \$360m vs. \$91m in 2Q03. 3. TXT's focus on improving margins, reducing working capital, implementing lean business processes and improving ROIC are all contributing to a strong performance this year. 4. One of the key elements of transformation has also been the restructuring program and it's been very successful. 5. During 2Q04, TXT did identify the opportunity for some additional salary head count reductions, and as a result, TXT has decided to increase the amount of forecasted restructuring expense somewhere in the range of \$0.05-0.10 a share and that will obviously result in driving additional savings from this program that will largely show up next year. 6. TXT continues to be completely on track to finish this restructuring program by 12/31/04 and any future restructuring expense will be considered just a part of the normal business operations going forward. 9. Outlook: 1. TXT expects full-year EPS now to be between \$3.10-3.25, reflecting the slightly higher jet deliveries out of Cessna and improved cost performance in most of the businesses. 2. TXT expects 3Q04 EPS to be between \$0.70-0.80. 3. TXT is raising its full-year target for free cash flow to between \$500-550m, reflecting the better operating performance and some improvements in working capital management.

S4. Closing Comments (D.W.) 1. Additional Outlook: 1. TXT is now targeting a total manufacturing revenue increase of a little bit more than 4% and that should bring a total manufacturing margins up about 80 BP. 2. At Cessna, assuming that it continues to make progress in reducing costs and meet delivery schedule, TXT expects revenues to be up a little over 6%. 1. TXT actually has a good shot at achieving a full-year (Indiscernible) margin of about 10%. 2. TXT expects to deliver about 50 jets in 3Q04 and the balance in 4Q04 3. In the overall Bell segment, TXT is expecting a revenue decline of between 2-3% for the year with up to a 40 BP improvement in overall margins. 4. At Fastening Systems, TXT is projecting the revenues to be up at least 10%, and expects margins to improve at least 80 BP with a big pick up in 4Q04 as the restructuring winds down during 3Q04 in large part. 5. TXT expects Industrial revenues to be up around 5-6% with margins up about 100 BP. 6. Textron Financial revenues will be down slightly with a \$20-25m improvement in operating profit. 7. TXT is targeting corporate expenses at about \$145m.

QUESTION AND ANSWER SUMMARY

Q1. In terms of incremental margins in the industrial area, they picked up very sharply in 2Q04. It looks like incremental margin was maybe 30% vs. half of that in 1Q04. Is that a sustainable number as you look ahead over the next quarter, I realize it's not sustainable for a long period of time because the leverage begins to peak out, but is that something that you think is sustainable for the balance of the year? (Jack L. Kelly, CFA - Goldman Sachs)

A. (Ted French) It depends on the mix within the industrial businesses. In 2H04, we will probably see less of a growth rate at Kautex compared to some of the other businesses. That might moderate it a little bit, but that's a

pretty good avg.

Q2. In terms of the numbers you are giving on the impact of inflation and then kind of the offset to that, the pick up on pricing. The inflation number was a minus \$0.28, pricing was \$0.09 and you mentioned that was a 70 BP increase. Putting aside this field situation which looks like you have it in hand, can we expect going forward that pricing number or that equivalent \$0.09 to be more than offset to the inflation number and again, this is beyond steel, it is just kind of the basic cost vs. price equation as you look across businesses, is it getting easy to get price increases? (Jack L. Kelly, CFA - Goldman Sachs)

A. (Ted French) It's never easy, but I think it's getting on the margin a little bit easier to get price in a number of our businesses. The commodity run-ups have made that possible in a couple of our businesses. Fasteners is the place where there's been the biggest gap, because that's been the biggest impact. So, we had a little bit of a lag effect, we are still trying to get a little bit of retro-pricing for some of the steel impacts that we saw in the earlier two quarters. I think we have really been the leader in this industry in going out and demanding that we get paid for these increased steel prices and I think by and large, we are having some success, but it's a slow process. There's some lag in getting it done. I think across many of our businesses, we are seeing some improvements, in the used aircraft area where we've been seeing a big negative adjustments in prior years, we actually had a little bit of a pick-up in 2Q04. Same was true in golf cars where last year and the year before, we were taking mark-to-market adjustments and having to mark down used golf cars, we actually had a small profit in used golf car sales in 2Q04. On the margin, it's getting a little bit easier.

Q3. On Cessna, the swing in terms of losses on sales, you mentioned -- used aircraft sales, I should say. What was the swing YoverY in that? (Jack L. Kelly, CFA - Goldman Sachs)

A. (Ted French) It's about \$8m. A slight gain this year vs. a write-down last year and net net of about \$8m positive.

Q4. On Cessna, you noticed that you had 72 net new orders during 2Q04. I think that was quite a pick up from the 17 net new orders in 1Q04. It sounds like you are pretty optimistic and confident about this whole business. Any comments on potential net new order trends going forward into 3Q04 and 4Q04? (Dan Whang - Lehman Brothers)

A. (Lewis Campbell) First of all, we did have a stronger than we thought 2Q04 order rate. That's for sure. When you look 72 and ship 36, that's good news no matter what you are producing. We are sold out in '04 practically speaking. We have two or three more to go. That's just about behind us. Now if you think what the duty roster says that Cessna, we've got to fill out '05 now and we are pretty much sold out on our two new planes, the Sovereign and the CJ-3. You add those two together, each shipping approx. 40 next year, so that's 80. So, that's 80 out of the 225. I am kind of thinking that, order rates will probably moderate a little bit because we finished '04. So, I would say that I would be happy with probably 50 a qtr., maybe a little more. It's a good market out there. With all the factors I gave you, it's coming back the way we thought it would once corporate profitability and economy got better.

A. (Lewis Campbell) The issue with aircraft orders is, it is not going to just be a linear trend because we really are selling available slots and as we get into 2H04, we are starting to sell out the available remaining slots for '05, then you have to start trying to convince someone to give you a

deposit for an airplane, they will not get to '06 or '07. We will probably see order in-take (Indiscernible). So, what's really important to us is the coverage rate. The fact that we are sitting at somewhere around 160 '05 orders right now against the production plan. Again, I want to caution, we've not set 225 as a production plan. That's just our best guess right now. So, where we are sitting, we don't need a huge number of orders here in 2H04 to fill that out. Obviously, we would like to start working on '06, but that becomes a little more challenging.

Q5. In terms of the order mix, was there any significant shift towards the higher priced models in 2Q04 vs. 1Q04, end markets kind of strength? (Dan Whang - Lehman Brothers)

A. (Lewis Campbell) I don't think anything noticeable. We really are literally selling what we are making at this point in time. We've got so many planes available in the schedule, particularly in 2Q04 it came to filling out the balance of '04, we don't have every product available in the balance of '04. So, we really are filling out the orders around what our production schedule looks like.

Q6. You talked about better pricing at Cessna. Was that around certain models? Any additional details on that would be great. (Dan Whang - Lehman Brothers)

A. (Lewis Campbell) Mostly that's been around reducing sales allowances, which are percentage allowances that go across the whole product line.

Q7. Moving over the Fastening systems, you talked about some of the expenses that you are incurring currently in shifting the production of the plants. How much of that was incurred during 2Q04 and how that might spend out in 3Q04 and 4Q04, I know it goes away in 4Q04? (Dan Whang - Lehman Brothers)

A. (Lewis Campbell) This is a huge qtr. in 3Q04 at Fasteners. Getting an exact number is kind of challenging, but it's a number in the double digits. It's a \$10m plus kind of a number. What's going on right now in Fasteners, we have three plants in North America, in the Midwest that are all still running but on the way down and will be shuttered by the end of this qtr. At the same time, where most of that is going is in the new facility in Greenville, Mississippi, we already have a little 200 employment contingent hired in there, training, and working and absorbing all that expense. We also had the same situation going on in Europe. We are taking down one plant in Germany and one plant in the UK. They are still operating as well as, we are gearing up in (Indiscernible) in China in order to take a lot of that production. So, there's a lot of duplication going on there as well. All of that comes to a conclusion by the end of this qtr. or within a few days right after the end of this qtr. And it is having a significant impact on the performance of Fasteners as we go through 2Q04 and as we go through 3Q04. It wouldn't be fair to say that we are just going to humming like a top, I don't think in 4Q04, but a lot of that is going to be behind us and then we are really going to be in the mode of working to optimize the new footprint that we have built after those plants have been shuttered. So, we will see I think some significant improvement in 4Q04, but I don't think it will be fully up to run rate in 4Q04.

Q8. Regarding the improving free cash flow turns that you are seeing. I guess you talked about the working capital improvement. How much additional opportunity have to improve on that working capital and free cash flow and any thoughts on where you might use that, free cash flow as well as the strong cash balance position you are building? (Dan Whang - Lehman Brothers)

A. (Lewis Campbell) I think we have a lot of opportunity over the next several years to continue to mine cash off of our balance sheet. We have really embraced as a part of our six sigma process, lean manufacturing and we've got a major effort going on around many of our businesses. Frankly, we believe that we have inventories that are too high in a number of our businesses and with the best processes and the best practices, we can continue to take some off the balance sheet. This year, if you look at the targets we put out there for free cash flow, just round numbers, that's going to require us to take somewhere between \$50-100m off the balance sheet in order to hit that range of free cash flow for the year. I think that we could continue to do that for a few years in the future. Obviously, you can't forever continue to generate cash flow in excess of your net income, but I think we have the opportunity to do that for a while going forward.

A. (Ted French) We have used this phrase, the ROIC is going to be our compass for guiding us on our cost improvement and people have often asked me, have you really gotten people's attention on this. In the past, the top 80 people in the Co. had their compensation pretty closely tied to improvement in ROIC. That number is now over a 1,000 people who receive annual incentive compensation are directly effected by ROIC. They will make more money as ROIC improves and makes less if it doesn't. That is the motivating factor, obviously you get what you pay for. So, I would be disappointed if we don't see every improving cash flow numbers well into the future. We've got a lot more to go there.

Q9. Any details on potential use of that, free cash flow cash balance? (Dan Whang - Lehman Brothers)

A. (Lewis Campbell) An overall statement would be, the combination of opportunities which obviously is acquisitions or share repurchase or dividend increases is something that as a management team, you have to look at all the time and you do what's best for long-term shareholder value. People ask us about acquisition all the time and we've come back and said over and over, our main focus right now is improving what we have. The more improvement we put in place, the better we will be when we do add acquisitions. We are trying to take meaningful steps although the are pretty small right now, in adding it to after-market for Bell for example. I was glad to see it pick up another 25% for CitationShares. So, if we had a big opportunity at Cessna like golf stream, we would take it, but that will not be up for grabs. There's nothing big in helicopters. We've been trying to find the good move in tools, but there's nothing really on the horizon there that I know of. Systems would be something we would like to add to, but actually we are seeing some organic growth with that ASV. There's really not the urgency to do that either. You've got to come up with some approach that maximizes value which will probably be a combination of shares and however we decide to use the rest of that money.

Q10. Could you size the warranty adjustment that impacted Bell's margin? (Jeff Sprague - Smith Barney)

A. (Ted French) We really had two warranty items that hit the business during the course of 2Q04. Favorable one at Bell, which was about \$6m that related to -- problem we had with engines on one of our aircraft last year and we set up a reserve for warranty when the problem occurred and during 2Q04, the engine supplier agreed that they were responsible and they were going to take care of it. So, we don't need that reserve any longer. And then we had about \$4m going the other way at Kautex that related to some warranty issues with both -- Toyota was the larger one and a smaller one with Mazda. So, net net about \$2m favorable.

Q11. On Kautex and auto in general, as it touches Kautex and Fasteners, can you give us a little bit of a view of what you see playing out in production schedules, but maybe more importantly we can all kind of watch production schedules, can you give us any color on what you see going on with your penetration rates or kind of key models you are coming on to or maybe even dropping off of that we need to keep an eye for? (Jeff Sprague - Smith Barney)

A. (Lewis Campbell) I don't have the model specific info, because it is certainly not something we are trying to hide. We brought Kautex into our Co. in 1997. They are one of the strongest operating companies we have, they have a tremendously strong operating process in every one of their facilities worldwide. And they also have proven that they have a kind of a unique ability to predict good selling models and then unusually fortunate to be on the right models, both transplants and domestic and they have a three-prong strategy of driving technology, progressing on penetrating all those specific OEMs, no matter where they are, and then also getting a meaningful presence in each one of the big markets and the last of which is a major push they are making right now into China for example. Now that being said, I don't recall the number exactly, but I know for sure that we've increased our market share relative to the competition every year since 1997. So, we've been very strong at doing that and I think it's because we've demonstrated an ability to produce product at the volumes, rates, and quality levels that our customers demand and also we've been able to add innovation in there which always drives for -- the customer always want to come back for the next new model. So, Kautex is by and large, there's no comparison to how strong it is vs. its competition. I don't think there's another competitor out there that comes even close. I was pleased that we were able to pass some price along at Fastening Systems into the big auto supplier, OEMs, because they are tough customers, but they realize that we've superior products and that we are producing products for them that they really need. So, that kind of surprised us positively saying that we'd more market presence than we thought. Now, if you stand back and say, what's going to happen to North American auto build rates, which is the big question, we are a little less bullish on 3Q04 and 4Q04 because anybody who picks up the paper sees that the inventories are a little higher right now. But that can moderate because days outstanding is a factor, how many out there and what you are seeing in the showroom everyday. So, if showroom traffic picks up, days outstanding gets fixed pretty quick. So, a little early to tell on what's going to happen for the balance of the year. But I think it's probably going to cool off a little bit.

A. (Ted French) It is safe to say that our current guidance reflects our conservatism with regards to what we think may happen in 2H04.

Q12. Around the issue of cost, you made a comment, I think it was directed to Fasteners, but maybe it was a general comment that you would have less pressure from steel in 2H04. You were referring to kind of less pressure in the form of, you've got more price or are you actually looking for steel to decline? (Jeff Sprague - Smith Barney)

A. (Lewis Campbell) This has been an interesting six months, certainly an interesting six months if you are a steel supplier. We've had a lot of fun. When we had the run up in 1Q04, all of the primary steel suppliers were putting through scrap surcharges that were pretty much moving with what was happening in the scrap market. And they held the base prices fairly constant. Late in 2Q04, as we went into the June time period in particular, the scrap prices started to moderate when it looked like, you know, the Chinese were kind of cooling down a little bit on what they were going to

do, the scrap prices started to come down. The steel companies felt they are in such a strong position that, while the surcharges they were charging the customers came down, they went in and put dollar for dollar base price increases in so that effectively there was no reduction when the scrap markets started to come down in the June timeframe. Unfortunately, the deal we had gone out and negotiated with our customers was a pass through of whatever happened on the surcharge base and we got a number of them to agree to that and your fast step sort of inoculated us to what might happen with price levels, but as they raised the base prices, unfortunately that put us having to go back into our customers again. We need to have a mechanism to pass on the entirety of any change in the prices and that's what we are working on negotiating with them right now. Then, we came into July and we saw the scrap prices turn right back around and soar back up again to roughly \$350 a tonne for nonferrous which we've never seen before. So, I guess right now, our plan is to pretty much, that we are going to stay at that kind of a level through the balance of the year. Right now at Fasteners, we are looking at about \$45m of unfavorable cost increases over what our plan was for this year and an expectation that we are going to recover somewhere between \$30-35m of that through these pricing actions during the course of the year. So, it's a big deal. We don't think it's going to go necessarily much higher than this. We are trying to negotiate pricing structures with our customer so that we are inoculated if it does. We are still in the middle of those discussions.

Q13. How about steel and aluminum, as we think about this volume ramping up? (Jeff Sprague - Smith Barney)

A. Commodities have been all over the place. When you get through to what really impacts TXT, it's really been bar steel that we use for Fasteners, but it's been in flat steel as well. We've seen it at Jacobson and E-Z-GO. Jacobson in particular had done a very good job at being able to price that through, through their customers. We are seeing a little bit in aluminum. It's not a big number to TXT, but E-Z-GO is screaming bloody murder over batteries because of led prices going through the roof. So, we are seeing it at a bunch of other areas, but when it's all said and done, total steel net of what we are able to get back in pricing for all of TXT for the first six months has hurt us for \$11m and \$8m of that was Fasteners. So, in the rest of the Co., we've been able to pretty well get it covered.

Q14. Can you just run down through the segments and give us kind of the organic and FX effect on the revenue? (Jeff Sprague - Smith Barney)

A. (Ted French) For 2Q04, this is organic growth excluding FX - Bell was down about 5%, Cessna was down about 13%. There's no FX really in those numbers. So, you can actually get that right off the sheet. Fasteners had a big FX impact. So, excluding FX, Fasteners was up 5.3% and the industrial businesses also had a meaningful FX impact and without it we are up about 7%.

Q15. How does that roll up to the total manufacturing on TXT then? (Jeff Sprague - Smith Barney)

A. (Ted French) Down right at 1%.

Q16. On CitationShares, so we should think of that business as a \$150m in annual sales type business with just kind of marginal profitability? (Jeff Sprague - Smith Barney)

A. (Ted French) You should think of that business as being bigger than that next year. The growth rates are pretty strong at CitationShares and as we bring Vector in, north of \$200m of revenues next year and probably pretty close to breakeven.

Q17. Just as a business strategy, is that how you look at running that business close to breakeven, that's more about kind of building the form team if you will? (Jeff Sprague - Smith Barney)

A. (Lewis Campbell) No. There's no business that I can think of we want to own, we only run at breakeven. We've just been a day down over those guys. There's an advantage of coming into an industry after others have come in because you get to copy, everything that everybody has done right and you can avoid everything that somebody has done wrong. So, I am going to be very disappointed if we don't start seeing and getting ourselves in the black, even if just a little bit next year and even stronger thereafter. This business should be a contributor to profit for us. It does a lot of good things obviously, because when we finally book the sales of CitationShares into their customer base, we get to ring the bell for TXT, but I would be surprised if we don't create a very good business there. And obviously our partner, Tag Aviation agrees with this because they will only sell us 25%. So, they want to stay in this game for an obvious reason, they plan to make some money out of it.

Q18. On Cessna, it doesn't appear that people were overly fixated on this bonus depreciation. I mean, you've got good orders on the other side of the expiration of that. But just with the past that you have another qtr., do you have kind of a clear view on what impact it has had on the orders if any? (Jeff Sprague - Smith Barney)

A. (Lewis Campbell) It has had impact, but it's impact is zero now because basically there's no more opportunity there and that bill by the way, that could extend it, is sitting with the right kind of the language going into committee to get reconciled for a possible vote when Congress comes back. It's too early to tell whether that vote will be positive because it's not the only thing in the bill. If that would be positive, that would be another good thing for us, but quite frankly, we are kind of assuming nothing is going to happen there. You don't have any impact in the order rate that I know of based on this.

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